

RHODES
FOOD GROUP



ANNUAL RESULTS
FOR THE YEAR ENDED 25 SEPTEMBER

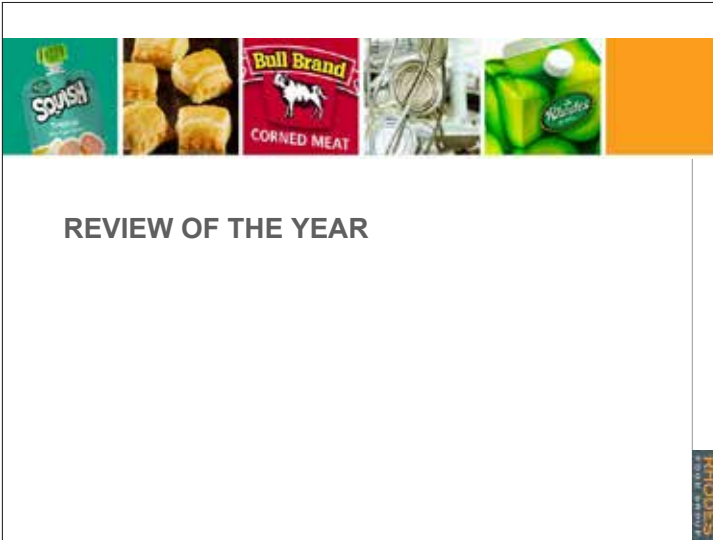
2016



PRESENTATION OUTLINE

- 1 REVIEW OF THE YEAR
- 2 STRATEGIC REVIEW
- 3 FINANCIAL PERFORMANCE
- 4 TRADING PERFORMANCE
- 5 OUTLOOK
- 6 QUESTIONS







REVIEW OF THE YEAR

TRADING ENVIRONMENT AND PERFORMANCE

- Continued good **organic growth** across both segments
- **Market share gains** in key product categories
- Higher income consumers **resilient**
- International benefited from **Rand weakness**
- **Acquisitions** all settled and added sales of R651m
- Investment to support **new products and ranges**
- Strong recovery in **operating margin**
- Two **largest acquisitions** announced post year end

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STRATEGIC REVIEW

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STRATEGY

RHODES FOOD GROUP AIMS TO BE THE
SUPPLIER OF CHOICE
FOR FRESH, FROZEN AND LONG LIFE
MEAL SOLUTIONS
IN ITS **SELECTED MARKETS**

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STRATEGY

- 1 DIVERSIFIED FOOD GROUP
- 2 VALUE ADDED MEAL SOLUTIONS
- 3 MARKET-LEADING BRANDS
- 4 PARTNERSHIPS WITH INDUSTRY-LEADING CUSTOMERS
- 5 WORLD-CLASS MANUFACTURING FACILITIES

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ACQUISITION AND INTEGRATION STRATEGY

- Seek value accretive businesses in **allied categories**
- Extract **integration benefits** across businesses
- Opportunity for **lateral extensions** of brands
- Accelerate entry into **new product categories**
 - Magpie Pies and pastries
 - Giants Canning Canned vegetables
 - Bull Brand Canned meat
 - Pacmar Fruit juice
 - Boland Pulp Baby food/vertical integration for juice
 - Deemster Salads and pickles
 - General Mills/Alibaba Snacking and bakery

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ACQUISITIONS: IMPACT IN 2016

Company	Pacmar 1 April 2015	Boland Pulp 3 August 2015	Saint Pie 1 June 2015
Purchase price (R'm)	165	174	26
FY2016 turnover* (R'm)	505.1	262.3	49.2
FY2016 EBITDA	Above group target	Below group target	Above group target
Integration synergies and benefits.	<p>Synergies with fruit production plants</p> <p>Strengthened private label relationships; access to new customers</p> <p>Entry into fruit juice and Rhodes brand juice launched</p>	<p>Integral to fruit growth strategy</p> <p>Synergies with Pacmar</p> <p>Acquired Squish brand</p> <p>Entered baby food market with Rhodes Squish</p>	<p>Enhanced pie and pastry offering</p> <p>Integrated into existing pie production facility</p> <p>Expanded geographic footprint</p>

* Unaudited and based on management accounts.

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ACQUISITIONS: IMPACT IN 2016

Company	Deemster 1 Oct 2015 (12 months)	General Mills 30 Nov 2015 (10 months)	Alibaba Foods 1 Feb 2016 (8 months)
Purchase price (R'm)	25	58	42
FY2016 turnover* (R'm)	63.7	49.9	30.5
FY2016 EBITDA* (R'm)	5.9	6.7	3.2
Integration costs* (R'm)	-	Approx 1.1	Approx 1.7
Integration synergies and benefit	<p>Entry into bottled salads category</p> <p>Strengthened private label relationships</p> <p>Launched bottled salads under Rhodes brand</p>	<p>Complements pies, pastries and snacking</p> <p>Consolidated position in convenience food channel</p>	<p>Strengthens position in bakery and snacking</p> <p>Complements pies and pastries</p> <p>Strengthened private label relationships</p>

* Results for period since date of acquisition. Unaudited and based on management accounts. EBITDA excludes head office allocations.

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ACQUISITIONS POST YEAR END

PAKCO R200 million; effective date 1 January 2017

- Producer of spices, condiments and instant meals
- Strong and well-known brands
- Entry into dry packed goods market
- Complement RFG canned foods, and salads and pickles
- Turnover R221.5m; EBITDA R9.5m
- Cost savings/synergies to improve profitability
- Improve distribution and marketing in medium-term



Subject to due diligence and competition approval

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ACQUISITIONS POST YEAR END

MA BAKER R212 million; effective end February 2017

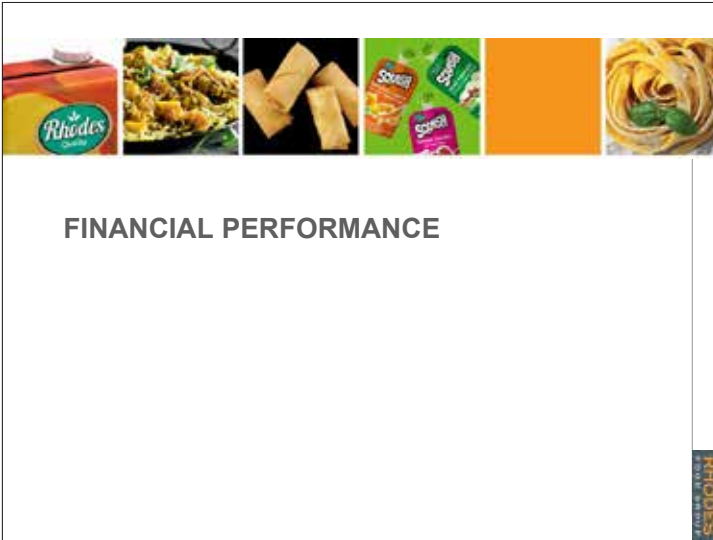
- Pies, pastries and snacking products
- Market leading brand in KZN
- Turnover R248.3m; EBITDA R23.7m
- Strengthen RFG position in pie category
- Spans consumer markets with premium and value offer
- Diversify customer base and presence into KZN
- Production facilities in Pinetown and Pietermaritzburg
- Synergies with pie business, snacking and bakery



Subject to due diligence and competition approval

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FINANCIAL PERFORMANCE

- Turnover **+37.2%** to R4.1 billion
- Gross profit margin +130 bps to **29.3%**
- Normalised* operating margin +160 bps to **11.9%**
- Normalised* EBITDA **+56.6%** to R578.2 million
- Profit after tax **+70.7%** to R289.8 million
- Normalised* diluted HEPS **+50.8%** to 126.5 cps
- Dividend **+70.0%** to 42.2 cps

* Normalised excludes once-off listing costs of R21.8 million in FY2015

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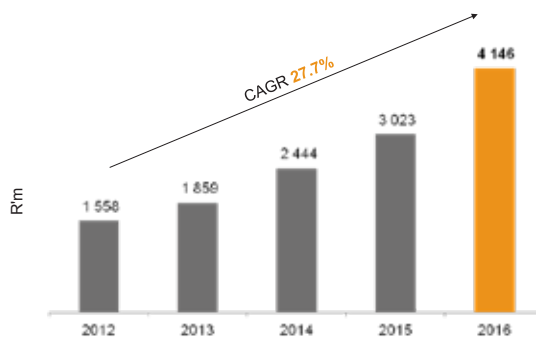
INCOME STATEMENT

R'm	2016	2015	% change
Turnover	4 146	3 023	37
Cost of goods sold	(2 933)	(2 180)	35
Gross profit	1 213	843	44
<i>Gross profit margin</i>	<i>29.3%</i>	<i>27.9%</i>	
Other income	36	28	27
Operating costs	(756)	(583)	30
Operating profit	493	289	71
Net interest paid	(89)	(47)	89
Profit before tax	405	242	67
Tax	(115)	(72)	58
Profit after tax	290	170	71
Diluted HEPS	126.5	74.4	70
Normalised diluted HEPS	126.5	83.9	51

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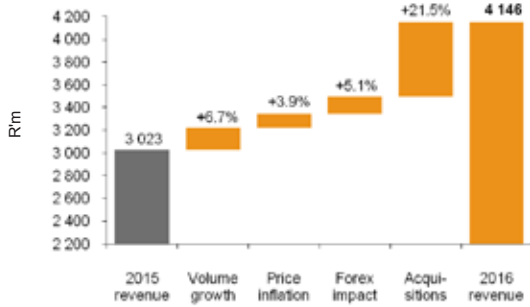
GROUP TURNOVER



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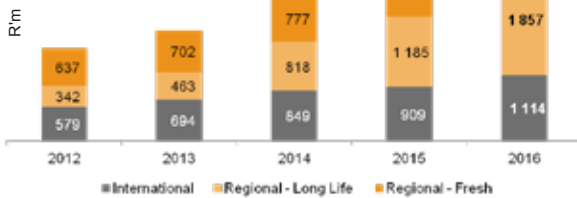
COMPONENTS OF TURNOVER GROWTH



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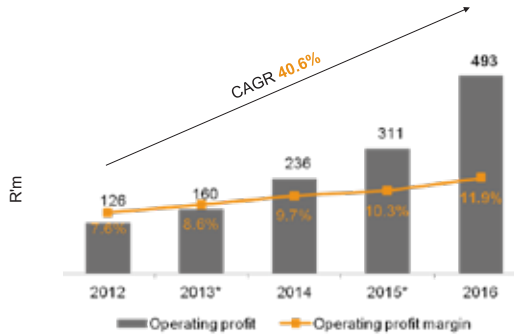
SEGMENTAL TURNOVER



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OPERATING PROFIT

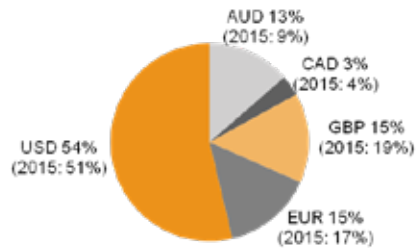


* Normalised operating profit and margin

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INTERNATIONAL REVENUE BY CURRENCY



- Rand depreciated 17% against trading basket of currencies in 2016

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KEY RATIOS

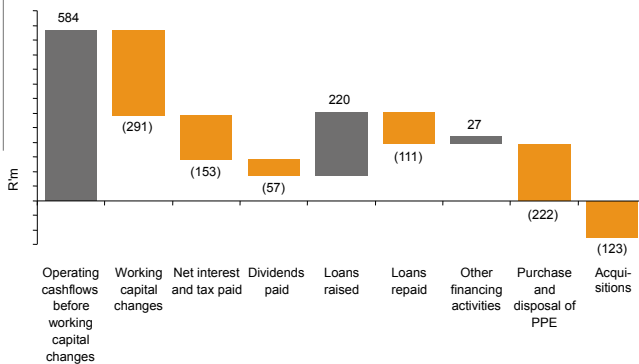
		2016	2015
Net debt	R'm	1 030	795
Net debt to equity	%	82.2	78.1
Net debt to EBITDA	x	1.8	2.2
Net working capital days*		126	121
Inventory		118	104
Accounts receivable		53	65
Accounts payable		(45)	(48)
Return on equity	%	25.3	26.2
Return on capital	%	24.1	21.0

* Normalised for the effect of acquisitions

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CASH MANAGEMENT



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CAPITAL INVESTMENT FY2016

- Capital investment of R229m in 2016 (2015: R176m)

Meat production facility upgrade: final phase

Fruit juice facility: installation of 200ml juice line

Commenced construction of baby food plant

Additional pie make-up line

CAPITAL INVESTMENT FY2017

- Planned capital expenditure of R250m

Meat facility: completion of final phase of upgrade

Installation of new 1 litre fruit juice line

Completion of baby food factory

Fruit products: new fruit cup line in Tulbagh

Upgrade fruit cup line in Swaziland

Vegetable plant capacity and efficiency upgrade

Recently announced acquisitions of Pakco and Ma Baker offer investment opportunities with good returns

FINANCIAL GUIDANCE AND TARGETS

- Focus on **volume growth** and **maintaining margins** in current inflationary environment
- Continue **foreign exchange hedging** strategy
- Capital expenditure of **R250 million** in 2017
- Inclusion of 53rd trading week in FY2017
- Committed to **medium-term targets**
 - Gross profit margin over 30%
 - Operating margin 10% to 12%

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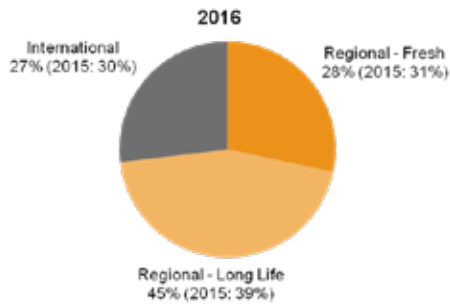
TRADING PERFORMANCE

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WELL INVESTED PRODUCTION BASE



SEGMENTAL TURNOVER



INNOVATION: LONG LIFE

- New Rhodes pulses range



- Additions to Squish baby range



- Products for African markets



- Extension of 100% juice range



- Rhodes salads launch



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INNOVATION: LONG LIFE

- New private label ranges



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INNOVATION: FRESH FOODS

- Ongoing ready meals newness
- Carb Clever



- Extension of pie range
- Snacking products



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TRADING PERFORMANCE: REGIONAL

R'm	2016	2015	% change
Revenue	3 032	2 114	43.4
Long Life	1 857	1 185	56.7
Fresh	1 175	929	26.5
Operating profit	310	212	46.2
Operating profit margin	10.2%	10.0%	

- Volume growth 12%; price inflation 5%; acquisitions 26%
- Rhodes fruit juice ranges performing well
- Strong growth in canned meat
- Sales in Sub-Saharan Africa up 67%, with particularly good performances from juice and canned meat
- Excellent performance from the pie category
- Investment to support growth, acquisitions and new products

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REGIONAL: LONG LIFE FOODS

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REGIONAL: LONG LIFE FOODS

- Strong volume growth across the segment; 15%
- Investment in sales and marketing yielding benefits
- Good brand share gains
- Juice operation performing particularly well
- Changes to executive responsibility for foods and beverages



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REGIONAL: LONG LIFE FOODS – MARKET SHARE

Market shares* (%)	Sept 2014	Sept 2015	Sept 2016	Position
Jams	40	41	46	1
Canned fruit	43	46	44	1
Canned vegetables	15	16	18	2
Canned meats & meals	63	64	66	1
Long life fruit juices and nectars	-	12	17	2
Infant food meals	-	5	6	2

* Moving annual total. Retailers scanning data processed by IRI (market shares in the defined retail channel, in retail prices)

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REGIONAL: LONG LIFE FOODS – BRAND SHARE

Brand shares* (%)	Sept 2014	Sept 2015	Sept 2016	Position
Jams	19	22	27	2
Jam in glass	17	19	22	1
Canned fruit	23	26	26	2
Canned pineapple	52	58	57	1
Canned vegetables	10	11	13	2
Canned tomato	20	25	27	2
Tomato paste	31	31	31	1
Corned meat	41	44	49	1
100% fruit juice	-	-	7	5

* Moving annual total. Retailers scanning data processed by IRI (market shares in the defined retail channel, in retail prices)

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REGIONAL: FRESH FOODS

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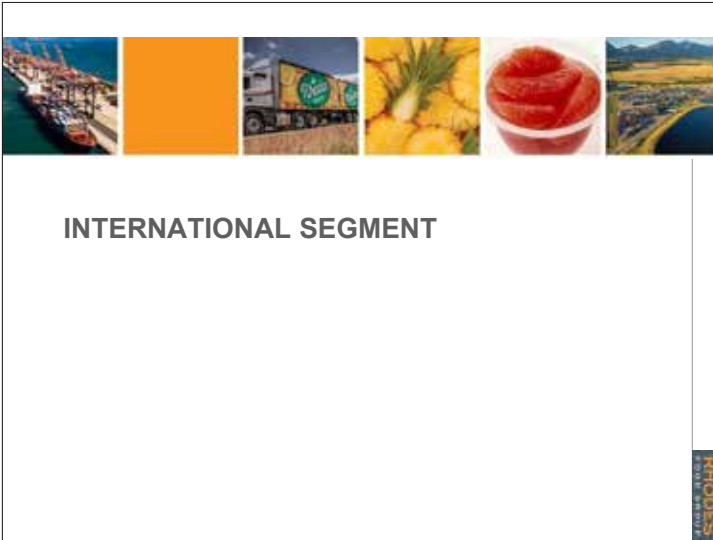
REGIONAL: FRESH FOODS

- Good volume growth of 9%
- Particularly good performance from pies across all channels
- Good synergies across pies, bakery and snacking
- Growth in the convenience channel
- Baby foods to move into Fresh Foods from Oct 2017



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INTERNATIONAL SEGMENT

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TRADING PERFORMANCE: INTERNATIONAL

R'm	March 2016	March 2015	% change
Revenue	1 114	909	22.6
Operating profit	187	105	77.2
Operating profit margin	16.8%	11.6%	

- Volume growth 5%
- Pricing pressure in certain markets including Russia and China, offsetting some of the benefits of the weaker Rand
- Boland Pulp, acquired in FY2015, contributing to International sales



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INTERNATIONAL

- International now comprises canned fruits and fruit cups, fruit juices, and industrial pulps and purees
- Drought adversely affected raw material volumes
- Good opportunities in Asia, although foreign pricing under pressure as emerging market currencies weaken
- Fruit cups performing well with opportunities to expand



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OUTLOOK

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OUTLOOK

- Capitalise on **strong growth momentum**
 - Organic growth in Fresh Foods and Long Life
 - Grow brand shares
 - Continue to expand presence in Sub-Saharan Africa
 - Maintain focus on existing private label ranges for retailers
- **International** volumes to grow, but currency strength will have an adverse effect
- **Maximise synergies** of acquisitions completed to date
- Integration of **Pakco** and **Ma Baker** acquisitions a priority and major opportunity in FY2017

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OUTLOOK

- Increased **capital investment** programme and further opportunities arising from acquisitions
- Complement organic growth with **strategic acquisitions**
- Continually review **capital structure and funding needs** to ensure capacity to pursue growth opportunities
- **Access capital markets** should additional capital raising be necessary

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THANK YOU

DISCLAIMER

Rhodes Food Group Holdings Limited ("RFG" or "the company") has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of RFG based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

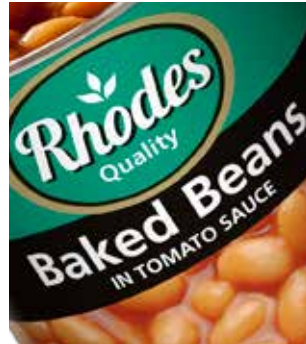
The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions; changes in the regulatory and legislative environments; changes to operational, social, economic and political risks; and the effects of both current and future litigation.

RFG does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

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www.rhodesfoodgroup.com



PRELIMINARY SUMMARISED CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 SEPTEMBER

2016

HIGHLIGHTS



Commentary

Profile

Rhodes Food Group is a leading producer of convenience meal solutions in fresh, frozen and long life product formats, catering for all consumer income groups. The Group's growing portfolio of market leading brands includes Rhodes, Bull Brand, Magpie and Squish. These brands are complemented by private label product ranges prepared for major local and international retailers.

Trading and financial performance

Turnover grew by 37.2% to R4.1 billion (2015: R3.0 billion) through sustained organic growth and the benefit of recent acquisitions, while international revenue was boosted by Rand weakness during the year.

Regional turnover, which accounted for 73% (2015: 70%) of Group's turnover this year, increased by 43.4%. Fresh Foods sales increased by 26.5% with particularly strong growth in the pie category. Long Life Foods increased turnover by 56.7% with juice and canned meat the best performing categories. Sales in Sub-Saharan Africa (excluding South Africa) increased by 67.3%, with strong performances from juice and canned meat.

International turnover increased by 22.6% as the Rand depreciated by 17.4% in value against the Group's basket of trading currencies over the past year. Trading in international markets has been difficult, with pricing under pressure in certain markets, including China.

Acquisitions contributed turnover of R651.3 million in the year, representing 21.5% of the revenue growth. Organic growth contributed the balance of 15.7% of the overall revenue growth. Pacmar, Boland Pulp, Saint Pie and Deemster have been consolidated for the full 12 months. General Mills has been included for 10 months and Alibaba Foods for 8 months.

The Group's gross profit margin improved by 140 basis points to 29.3% through improved efficiencies and the currency tailwinds in the International division. Gross profit increased by 43.9% to R1.2 billion.

Acquisitions increased the cost base by R94.5 million or 16.2%. Overall operating costs were 29.9% higher as the Group significantly increased its investment in marketing and advertising, and grew headcount and IT infrastructure to support the organic and acquisitive growth of the business.

The operating margin improved strongly in the second half and increased by 230 basis points to 11.9%, ahead of the Group's medium-term target of 10%. On a normalised basis (excluding once off listing costs in 2015) the operating profit margin increased by 160 basis points. This can be attributed mainly to the currency benefit in the international division, margin expansion in the beverage division and progress with the integration of acquisitions. The regional operating margin expanded to 10.2%, ahead of the medium-term target, after recovering strongly from 8.0% at half year.

Profit after tax increased by R120.0 million to R289.8 million, with headline earnings for the year 70.0% higher at R289.7 million.

Diluted headline earnings per share (HEPS) increased by 70.0% from 74.4 cps to 126.5 cps. Normalised diluted HEPS increased by 50.8% to 126.5 cents, adjusting for listing costs of R21.8 million in the prior period. These results are in line with the Group's trading statement released on 14 November 2016.

The Group declared a cash dividend of 42.2 cents per share, based on a dividend cover ratio of three times diluted headline earnings per share. This follows the maiden dividend of 24.8 cents declared for the 2015 financial year.

The Group generated strong cash flows of R292.8 million, an increase of 32.9%. Cash was used to partially fund acquisitions and capital expenditure, and the Group's net overdraft increased to R189.6 million (2015: R63.8 million).

Capital expenditure of R229 million (2015: R176 million) was invested mainly in upgrading the meat production plant, increasing production capacity at the fruit juice and fruit products facilities, and commencing the building of a baby foods factory.

Acquisitions

The Group has continued to pursue its strategy of complementing organic growth by acquiring food producers in aligned product categories.

The acquisitions of Deemster, General Mills and Alibaba Foods, which were all completed in the first half of the year, have been successfully integrated and reported stronger second half performances. Through these acquisitions Rhodes has accelerated its entry into the bottled salads and pickles, bakery products and snacking categories.

After the year-end, the Group announced the acquisitions of Durban-based Pakco, which produces spices, condiments and instant meals (R200 million), and KwaZulu-Natal-based pie producer Ma Baker (R212 million). These are the Group's two largest acquisitions to date.

Pakco has a portfolio of strong and well-known brands including Bisto, Southern Coating, Hinds, Trotters and Gold Dish, and the acquisition will enable Rhodes to enter the dry packed foods market. Ma Baker will strengthen the Group's position in the growing pie and pastry market, and diversify its customer base and geographic presence. The acquisition will also enable synergies to be achieved with the snacking and bakery operations of Alibaba and General Mills. Both acquisitions are subject to due diligence investigations and competition approval.

Outlook

The Group will seek to capitalise on its strong growth momentum by driving organic growth in the Fresh Foods and Long Life segments, grow brand shares, expand its presence in sub-Saharan Africa and maintain its focus on private label ranges produced for major retailers.

Export volumes are expected to grow but the currency strength will have an adverse effect on the International segment.

The completion and integration of the Pakco and Ma Baker acquisitions are a priority for the Group. Management will continue to extract benefits from the other recent acquisitions through new and expanded ranges, and product innovation.

The severe drought and water shortages being experienced across the country had an adverse impact on the business in 2016. These factors remain a risk and could impact on the Group's production costs and volumes in the year ahead if there is no improvement in climatic conditions.

Capital expenditure of R250 million is planned for 2017 for the continued upgrading of production facilities and ongoing investment in capacity expansion.

The Group will continue to pursue its strategy of complementing organic growth with value accretive acquisitions. The Group continually reviews its capital structure and funding needs to ensure it has the necessary capacity to pursue growth opportunities. This may include accessing the capital markets at an opportune time, should additional capital raising be deemed appropriate.

Any reference to future performance included in this announcement has not been reviewed or reported on by the auditors.

Declaration of ordinary dividend

The board of directors has declared a gross cash dividend of 42.2 cents per share in respect of the year ended 25 September 2016 for holders of ordinary shares.

The dividend has been declared out of income reserves. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt, resulting in a net dividend to these shareholders of 35.87 cents.

Shareholders are advised of the following salient dates in respect of the dividend declaration:

Last day to trade to receive a dividend	Tuesday, 10 January 2017
Shares commence trading "ex" the dividend	Wednesday, 11 January 2017
Record date	Friday, 13 January 2017
Dividend payment to shareholders	Monday, 16 January 2017

The number of ordinary shares in issue at the date of declaration is 221 000 000.

The company's tax reference number is 9348/292/17/9.

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 January 2017 and Friday, 13 January 2017, both days included.

Bruce Henderson
Chief Executive Officer

Tiaan Schoombie
Chief Financial Officer

Groot Drakenstein
21 November 2016

Summarised consolidated STATEMENT OF FINANCIAL POSITION

as at 25 September 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets			
		1 375 909	1 167 896
Property, plant and equipment	2	974 642	785 462
Intangible assets		81 587	79 908
Goodwill		287 607	271 775
Biological assets	4	32 073	30 751
Current assets			
		1 728 820	1 310 067
Inventory	3	947 488	694 604
Accounts receivable		749 378	604 078
Loan receivable		3 000	2 758
Foreign exchange contract asset	5.1	21 925	–
Bank balances and cash on hand		7 029	8 627
Total assets		3 104 729	2 477 963
EQUITY AND LIABILITIES			
Capital and reserves			
		1 253 382	1 018 157
Share capital		720 205	720 205
Equity-settled employee benefits	6	2 773	–
Accumulated profit		521 597	291 582
Equity attributable to owners of the company		1 244 575	1 011 787
Non-controlling interest		8 807	6 370
Non-current liabilities			
		785 210	692 533
Long-term loans		687 231	621 773
Deferred taxation liability		83 751	60 993
Employee benefit liability		14 228	9 767
Current liabilities			
		1 066 137	767 273
Accounts payable and accruals		531 596	430 352
Employee benefits accrual		126 008	114 927
Current portion of long-term loans		152 963	109 775
Taxation payable		58 918	29 820
Bank overdraft		196 652	72 448
Foreign exchange contract liability	5.1	–	9 951
Total equity and liabilities		3 104 729	2 477 963

Summarised consolidated STATEMENT OF PROFIT OR LOSS OR OTHER COMPREHENSIVE INCOME

for the year ended 25 September 2016

	Notes	2016 R'000	2015 R'000
Revenue		4 145 902	3 022 604
Cost of goods sold		(2 932 530)	(2 179 655)
Gross profit		1 213 372	842 949
Other income		36 451	28 665
Operating costs		(756 345)	(582 241)
Profit before interest and taxation		493 478	289 373
Interest paid		(89 066)	(47 256)
Interest received		13	34
Profit before taxation		404 425	242 151
Taxation		(114 590)	(72 373)
Profit for the year		289 835	169 778
Profit attributable to:			
Owners of the company		287 398	169 728
Non-controlling interest		2 437	50
		289 835	169 778
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		(622)	99
Remeasurement of employee benefit liability		(857)	77
Deferred taxation effect		235	22
Total comprehensive income for the year		289 213	169 877
Total comprehensive income attributable to:			
Owners of the company		286 776	169 827
Non-controlling interest		2 437	50
		289 213	169 877
Earnings per share (cents)		130.6	77.1
Diluted earnings per share (cents)		125.5	74.1
Headline earnings per share (cents)	7.1	131.8	77.4
Diluted headline earnings per share (cents)	7.2	126.5	74.4
Weighted average number of shares in issue ('000)	7.3	219 875	220 063
Weighted average number of dilutive shares in issue ('000)	7.3	228 967	229 063

Summarised consolidated STATEMENT OF CHANGES IN EQUITY

For the year ended 25 September 2016

	Share capital R'000	Equity-settled employee benefits reserve R'000	Accumulated profit R'000	Non-controlling interest R'000	Total R'000
Balance at 28 September 2014	150 001	–	117 567	6 320	273 888
Issue of ordinary share capital	569 891	–	–	–	569 891
Treasury shares sold	313	–	4 188	–	4 501
Total comprehensive income for the year	–	–	169 827	50	169 877
Balance at 27 September 2015	720 205	–	291 582	6 370	1 018 157
Total comprehensive income for the year	–	–	286 776	2 437	289 213
Recognition of share- based payments	–	2 773	–	–	2 773
Treasury shares dividends received	–	–	279	–	279
Dividend paid	–	–	(57 040)	–	(57 040)
Balance at 25 September 2016	720 205	2 773	521 597	8 807	1 253 382

Summarised consolidated STATEMENT OF CASH FLOWS

for the year ended 25 September 2016

	2016 R'000	2015 R'000
Cash flows from operating activities		
Cash receipts from customers	4 849 840	3 673 521
Cash paid to suppliers and employees	(4 557 075)	(3 453 222)
Cash generated from operations	292 765	220 299
Net interest paid	(88 613)	(104 557)
Taxation paid	(63 899)	(64 321)
<i>Net cash inflow from operating activities</i>	140 253	51 421
Cash flows from investing activities		
Purchase of property, plant and equipment	(228 553)	(175 882)
Proceeds on disposal of property, plant and equipment	6 703	528
Acquisition of subsidiary and businesses less net cash acquired	(123 110)	(407 796)
Loans receivable advanced	(300)	(1 510)
Loans receivable repaid	58	13 063
Dividends paid	(57 040)	–
Treasury shares dividend received	279	–
<i>Net cash outflow from investing activities</i>	(401 963)	(571 597)
Cash flows from financing activities		
Issue of ordinary share capital	–	575 641
Preference shares repaid	–	(156 005)
Loans raised	219 570	740 867
Loans repaid	(110 924)	(577 273)
Government grant received	27 262	–
Net cash inflow from financing activities	135 908	583 230
Net (decrease)/increase in cash and cash equivalents	(125 802)	63 054
Cash and cash equivalents at beginning of the year	(63 821)	(126 875)
Cash and cash equivalents at end of the year	(189 623)	(63 821)

Summarised consolidated **SEGMENTAL REPORT**

for the year ended 25 September 2016

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.

	Segment revenue	
	2016	2015
	R'000	R'000
Regional		
Fresh products sales	1 175 282	928 780
Long life products sales	1 856 695	1 185 065
	3 031 977	2 113 845
International		
Long life products sales	1 113 925	908 759
Total	4 145 902	3 022 604
	Segment profit	
Regional	309 948	212 020
International	186 732	105 372
Total	496 680	317 392
Listing fees	–	(21 796)
Acquisition costs	(3 202)	(6 223)
Interest received	13	34
Interest paid	(89 066)	(47 256)
Profit before taxation	404 425	242 151

Segment revenue reported above represents revenue generated from external customers. Intercompany sales amounted to R561 168 198 (2015: R362 272 405).

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 listing fees, 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.

Summarised consolidated **SEGMENTAL REPORT** continued

for the year ended 25 September 2016

Geographical information

The Group's non-current assets by location of operations (excluding goodwill) 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.

	Non-current assets	
	2016 R'000	2015 R'000
Republic of South Africa	973 684	787 174
Kingdom of Swaziland	114 618	108 947
	1 088 302	896 121

Information regarding major customers

Two customers (2015: two) individually contributed 10% or more of the Group's revenues arising from both regional and international sources.

Notes to the **SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 25 September 2016

1. BASIS OF PREPARATION

Rhodes Food Group Holdings Limited is a company domiciled in the Republic of South Africa. These audited summarised consolidated annual financial statements ("preliminary financial statements") as at and for the financial year ended 25 September 2016 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 and dairy products. There were no major changes in the nature of the business for the Group during the periods ended September 2016 and 2015.

The preliminary financial statements are an extract from the audited consolidated annual financial statements for the year ended 25 September 2016, and have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International 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 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 27 September 2015.

The preliminary financial statements contain, as a minimum, the information required by IAS 34: Interim Financial Reporting, and the accounting policies adopted and methods of computation are in accordance with IFRS.

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 Group acquired assets with a cost of R228.554 million (2015: R175.882 million). The Group received a government grant for capital expenditure of R27.262 million (2015: Rnil) which was offset against the cost incurred.

Assets with a fair value of R79.253 million (2015: R139.053 million) were acquired through the acquisition of the sale assets of Deemster Proprietary Limited, business assets of the Foodservice Operations of General Mills Proprietary Limited and business assets and liabilities of Alibaba Foods Holdings Proprietary Limited in the current year and Pacmar Proprietary Limited and its subsidiary, the business assets of Saint Pie Proprietary Limited and the business assets of Boland Pulp Proprietary Limited and Boland Pulp Property Holdings Proprietary Limited in the prior year.

Assets with a carrying amount of R9.661 million (2015: R1.513 million) were disposed of during the period under review. This disposal resulted in a loss of R2.958 million (2015: R0.985 million), which was recognised as part of 'operating costs' in the consolidated statement of profit or loss and other comprehensive income.

Assets with a carrying amount of R0.254 million (2015: Rnil) were impaired during the period under review. This impairment resulted in a loss of R0.254 million (2015: Rnil), which was recognised as part of 'operating costs' in the consolidated statement of profit or loss and other comprehensive income.

During the year, the Group contracted R170.626 million (2015: R45.729 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, except for the additional encumbrance noted below:

Rhodes Food Group Proprietary Limited

A first covering mortgage bond of R14.3 million is registered in favour of Nedbank Limited, over Erf 2950, Erf 6494 and Erf 10561 in Wellington.

3. INVENTORY

The value of the inventory disclosed at net realisable value is R20.145 million (2015: R23.848 million).

	2016 R'000	2015 R'000
4. BIOLOGICAL ASSETS		
Livestock	8 702	8 521
Growing crops	23 371	22 230
	32 073	30 751

Measurement of fair value of livestock

The fair values of the livestock have been categorised as level 3 fair values based on the inputs to valuation techniques used. The valuation technique is based on the fair value less estimated point-of-sale costs of which the unobservable inputs consist of premiums on the classification of livestock and premiums for quality depending on the physical attributes of the livestock.

Livestock

The estimated fair value would increase/(decrease) if:

More/(less) livestock were classified as breeders

Livestock prices increased/(decreased)

Weight and quantity premiums increased/(decreased)

Growing crops

The estimated fair value would increase/(decrease) if:

Pineapple volumes increased/(decreased)

Pineapple prices increased/(decreased)

Costs of growing or harvesting (increased)/decreased

Measurement of fair value of growing crops

The fair values of the pineapple plantations have been categorised as level 3 fair values based on the inputs to valuation techniques used. The valuation technique is based on the fair value (which approximates market value) less estimated point-of-sale costs at the point of harvest of which the unobservable inputs consist of estimated volumes (2016: average of 53 987 tonnes delivered for a four-year period, 2015: average of 57 083 tonnes delivered for a four-year period) and estimated pricing (2016: R1 491 per ton delivered, 2015: R1 277 per ton delivered) of pineapples harvested.

	2016 R'000	2015 R'000
Carrying value at the beginning of the year	30 751	28 015
Value of crops harvested	(18 774)	(17 190)
Additions	10 012	9 133
Gain included in profit or loss	10 084	10 793
Carrying value at the end of the year	32 073	30 751

Notes to the SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 25 September 2016

	2016 R'000	2015 R'000
5. FINANCIAL INSTRUMENT AT FAIR VALUE HELD THROUGH PROFIT OR LOSS		
5.1 Foreign exchange contracts		
Contract gain / (loss)	21 925	(9 951)
5.2 Valuation of financial instrument at fair value held through profit or loss		
Financial instruments at fair value through profit or loss	Level	Valuation technique
Foreign exchange contracts	Level 2	Mark to market rates by issuer of instrument
	2016 R'000	2015 R'000
6. EQUITY-SETTLED EMPLOYEE BENEFITS		
Equity-settled employee benefits granted	2 773	–

The Rhodes Food Group 2015 Share Plan (“the Plan”) is a long-term (share-based) incentive scheme for executives and managers of the company and its subsidiaries and was approved by shareholders at the annual general meeting on 11 February 2016.

In December 2015, offers under the Plan were granted to executives and selected managers of the company and its subsidiaries. The offers will vest over a three-year period starting from the third and ending on the fifth anniversaries of the offers. The offers consist of a weighted combination of the following types of equity-settled benefits:

- Allocations of Share Appreciation Rights (equity settled).
- Conditional awards of (full value) Performance Shares.
- Grants of (full value) Restricted Shares.

Offers of 283 352 Share Appreciation Rights, 191 471 Performance shares and 88 806 Restricted shares were granted at a fair value of R7.84, R21.32 and R25.48 respectively. The Share appreciation rights exercise price is R24.12. The valuations were derived using the Black Scholes valuation model.

The fair value of offers granted during the year ended 25 September 2016 was estimated on the date of grant using the following assumptions:

Dividend yield (1%)
 Expected volatility (25%)
 Risk-free interest rate (8.5%)
 Expected life of share offers (3 – 5 years)
 Weighted average share price R23.70

There has been no movement in options since the commencement of the Plan.

	2016 R'000	2015 R'000
7. HEADLINE EARNINGS PER SHARE		
7.1 Headline earnings per share		
Reconciliation between profit attributable to owners of the parent and headline earnings:		
Profit attributable to owners of the parent	287 398	169 728
Adjustments to profit attributable to owners of the parent	2 313	709
Loss on disposal of property, plant and equipment	2 958	985
Impairment of property, plant and equipment	254	–
Taxation effect	(899)	(276)
Headline earnings	289 711	170 437
Headline earnings per share (cents)	131.8	77.4
Normalised headline earnings per share (cents) ^{1, 2}	131.8	87.4
7.2 Diluted headline earnings per share		
Headline earnings (R'000)	289 711	170 437
Diluted headline earnings per share (cents)	126.5	74.4
Normalised diluted headline earnings per share (cents) ^{1, 2}	126.5	83.9
7.3 Weighted average number of shares in issue		
Weighted average number of shares in issue	221 000 000	171 000 000
Ordinary shares issued	–	50 000 000
Treasury shares	(1 125 000)	(937 500)
Weighted average number of shares in issue	219 875 000	220 062 500
Effect of convertible preference shares	9 000 000	9 000 000
Effect of share offers	92 414	–
Weighted average number of dilutive shares in issue	228 967 414	229 062 500

¹ Normalised headline earnings and normalised diluted headline earning for the 2015 financial year have been adjusted for once-off listing fees incurred of R21 795 875 (not deductible for taxation purposes), relating to the listing of the company's issued share capital on the JSE Limited.

² The pro forma financial information has been prepared for illustrative purposes only to provide information on how the normalised headline earnings and normalised diluted headline earnings adjustment might have impacted on the financial results of the Group. 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.

The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards. These are consistent with the audited consolidated financial statements for the year ended 25 September 2016.

Notes to the **SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS** continued

for the year ended 25 September 2016

7. HEADLINE EARNINGS PER SHARE continued

There are no post-balance sheet events which require adjustment to the pro forma information. The directors are responsible for compiling the pro forma financial information on the basis of the application criteria specified in the JSE Listings Requirements.

The pro forma financial 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.

8. CONTINGENT LIABILITIES

The Group has entered into guarantees, the outcome of which has not been determined. The guarantees for import and operational activities outstanding at year-end amounted to R5.872 million (2015: R4.733 million). There were no other changes in the contingent liabilities during the current financial year.

9. ACQUISITION OF BUSINESSES AND SUBSIDIARIES

2016

9.1 Deemster Proprietary Limited

On 1 October 2015, the Group acquired the business assets of Deemster Proprietary Limited. Deemster conducts a canning and bottling business in Bethlehem in the Free State. Its products include canned vegetables and bottled salads and pickles such as beetroot and gherkins and as such offers the opportunity for the Group to enter into these new categories. It primarily co-packs products for third-party brands and produces private label products for most South African retail companies. 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.

Included in the profit for the period is a profit of R4.609 million attributable to the Deemster operations. Revenue for the period includes R63.740 million in respect of this acquisition.

	1 October 2015 R
<hr/>	
Assets acquired	
Property, plant and equipment	10 000
Inventory	15 020
<hr/>	
Fair value of assets acquired	25 020
Employee liabilities	(419)
Purchase price – settled in cash	(24 601)
<hr/>	
Goodwill	–
<hr/>	

9. ACQUISITION OF BUSINESSES AND SUBSIDIARIES continued

9.2 General Mills Proprietary Limited

The Group acquired the Foodservice Operations business assets of General Mills South Africa Proprietary Limited with effect from 30 November 2015. General Mills manufactures dry and frozen bakery products from its operations in Johannesburg. 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.

Included in the profit for the period is R4.698 million attributable to the additional business generated by General Mills. Revenue for the period includes R49.939 million in respect of this acquisition. 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 due to insufficient information available.

	30 November 2015 R
Assets acquired	
Property, plant and equipment	49 253
Inventory	8 628
Fair value of assets and liabilities	57 881
Employee liabilities	(1 372)
Purchase price – settled in cash	(56 509)
Goodwill	–

9.3 Alibaba Foods Holdings Proprietary Limited

On 1 February 2016, the Group acquired the business assets and liabilities of Alibaba Foods Holdings Proprietary Limited, for a total cash consideration of R42 million. Alibaba, based in Athlone, Cape Town, manufactures a range of halaal Eastern food products. 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 bakery and snacking operations and thereby strengthening the Group's position in those categories, particularly in the convenience channel.

Included in the profit for the period is a profit of R1.634 million attributable to the Alibaba operations. Revenue for the period includes R30.460 million in respect of this acquisition. 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 due to insufficient information available.

	1 February 2015 R
Assets and liability acquired	
Property, plant and equipment	20 000
Intangible assets	5 000
Inventory	1 492
Accounts receivable	5 281
Accounts payable and accruals	(3 931)
Employee benefit accrual	(274)
Deferred taxation liability	(1 400)
Fair value of assets and liability acquired	26 168
Purchase price – settled in cash	(42 000)
Goodwill	(15 832)

Notes to the **SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS** continued

for the year ended 25 September 2016

10. RELATED PARTY TRANSACTIONS

During the year, the Group entered into related party transactions, the substance of which is similar to those explained in the audited consolidated annual financial statements.

11. DIVIDENDS

On 25 January 2016, a dividend of 24.8 cents per share (total dividend R57.040 million) was paid. The company did not pay any dividends during the year ended 27 September 2015.

12. EVENTS SUBSEQUENT TO REPORTING DATE

The Group entered into the following sale and purchase agreements:

- to purchase the share equity and claims of Pakco Proprietary Limited, subject to conditions precedent, for R200 million effective from 1 January 2017;
- to purchase the share equity and loan claims of Ma Baker Express Proprietary Limited, Ma Baker Foods Proprietary Limited, Ma Baker Properties (Pinetown) Proprietary Limited, Ma Baker Properties (Pietermaritzburg) Proprietary Limited and Ma Baker Pies Proprietary Limited (collectively the "Ma Baker Companies"), subject to conditions precedent, for R212 million effective from five business days after the date of fulfilment or waiver of the conditions precedent.

The board of directors is of the opinion that the acquisitions present attractive investment opportunities which are aligned with the Group's strategy to grow through value accretive acquisitions.

The acquisition date accounting has not been established on the date of the approval of the financial statements for the above-mentioned acquisitions, due to the valuation of the assets not having been finalised.

The board of directors has declared a gross cash dividend of 42.2 cents per share (2015: 24.8 cents) in respect of the year ended 25 September 2016.

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.

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 2016.

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 auditors, Deloitte & Touche, have issued unmodified audit opinions on the consolidated financial statements and on these preliminary summarised consolidated financial statements for the year ended 25 September 2016. The audit opinion on the consolidated financial statements, together with the consolidated financial statements, is available for inspection on the Group's website (www.rhodesfoodgroup.com). These reports together with the auditor's ISAE 3420 report are also available at the Group's registered office (Pniel Road, Groot Drakenstein, 7680), at no charge, during normal business hours.

INDEPENDENT AUDITORS' REPORT ON THE SUMMARISED FINANCIAL STATEMENTS

To the shareholders of Rhodes Food Group Holdings Limited

The summarised consolidated financial statements of Rhodes Food Group Holdings Limited, contained in the accompanying preliminary report, which comprise the summarised consolidated statement of financial position as at 25 September 2016, the summarised consolidated statement of profit or loss and other comprehensive income, change 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 25 September 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 21 November 2016. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by the 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, therefore, is not a substitute for reading the audited consolidated financial statements of Rhodes Food Group Holdings Limited.

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 the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summarised Financial Statements.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Rhodes Food Group Holdings Limited for the year ended 25 September 2016 are consistent, in all material respects, with those 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.

Notes to the **SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS** continued

for the year ended 25 September 2016

14. **AUDIT OPINION** continued

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 21 November 2016 states that as part of our audit of the consolidated financial statements for the year ended 25 September 2016, we have read the Directors' report, the Report of the Audit and Risk Committee and the Secretarial Certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Registered Auditors

Per: MA van Wyk

Partner

21 November 2016

Audit – Cape Town: Unit 11 Ground Floor, La Gratitude, 97 Dorp Street, Stellenbosch 7600

National executive: *LL Bam *Chief Executive* *TMM Jordan *Deputy Chief Executive* *MJ Jarvis *Chief Operating Officer* *GM Pinnock *Audit* *N Sing *Risk Advisory* *NB Kader *Tax* *TP Pillay *Consulting* S Gwala *BPaaS* *K Black *Clients & Industries* *JK Mazzocco *Talent & Transformation* *MJ Comber *Reputation & Risk* *TJ Brown *Chairman of the Board*

Regional leader: MN Alberts

A full list of partners and directors is available on request.

** Partner and Registered Auditor*

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code
Member of Deloitte Touche Tohmatsu Limited

Corporate information

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

Priel Road, Groot Drakenstein, 7680

Private Bag X3040, Paarl, 7620

Directors

Dr YG Muthien* (Chairperson)

MR Bower*

BAS Henderson (Chief Executive Officer)

TP Leeuw*

LA Makenete*

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 and reporting accountants

Deloitte & Touche

www.rhodesfoodgroup.com