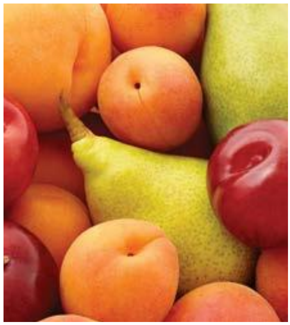

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 2 APRIL

2017

TURNOVER
+8.2%
TO R2.2 BILLION

OPERATING PROFIT MARGIN
+30 bps

Highlights for the six months

PROFIT AFTER TAX
+14.6%
TO R125 MILLION

HEADLINE EARNINGS
+15.9%
TO R126 MILLION

DILUTED HEPS
+7.9%
TO 51.4 CPS

PAKCO AND MA BAKER ACQUISITIONS COMPLETED

COMMENTARY

PROFILE

Rhodes Food Group (the "group") is a leading producer of fresh, frozen and long life convenience meal solutions for customers and consumers across South Africa, sub-Saharan Africa and in major global markets. The growing portfolio of market leading brands, which includes Rhodes, Bull Brand, Magpie, Squish and Bisto, is complemented by private label product ranges packed for major South African and international retailers.

TRADING AND FINANCIAL PERFORMANCE

Group turnover increased by 8.2% to R2.2 billion through sustained strong organic growth in the regional segment while international revenue was negatively impacted by the strengthening of the Rand.

Regional turnover, which accounted for 82% (2016: 75%) of group turnover, increased by 17.9%.

- Fresh Foods sales grew by 27.8% with excellent growth in pies and snacking.
- Long Life Foods increased turnover by 12.3% despite the tougher trading environment both domestically and in other African markets. The group gained market share in all key product categories. Sales in sub-Saharan Africa (excluding South Africa) increased by 55%.

International turnover declined by 20.7% as the Rand appreciated by 11% (2016: depreciated by 24%) against the group's basket of trading currencies over the past six months. The group also faced pricing pressure in certain major markets. Export volumes were lower largely as a consequence of timing and should normalise over the full 12 months.

The group's gross profit margin was lower at 27.1% (2016: 28.2%) owing mainly to the currency impact on the International division.

Operating cost growth of 7.3% was contained below turnover growth.

The group operating margin increased by 30 basis points to 9.7%. The regional operating margin expanded to 9.2% (2016: 8.0%) although behind the level of 10.2% reported for the 2016 financial year. The margin is expected to show sustained improvement as the margins of the recently acquired businesses move closer to the group's targeted 10% level. The strengthening currency contributed to the international margin declining to 12.6% (2016: 14.0%), although the full impact of the currency was limited by the group's foreign exchange hedging strategy.

Profit after tax increased by 14.6% to R124.6 million.

Headline earnings for the interim period were 15.8% higher at R126.3 million. Diluted headline earnings per share (HEPS) increased by 7.9% to 51.4 cents. The weighted average number of shares in issue has increased by 16.7 million or 7.6% over the prior period following the issue of shares for the capital raise undertaken by the group in November 2016 (refer below) and the acquisition of Pakco in March 2017.

Net working capital, excluding the take-on balances of Ma Baker and Pakco, increased by R320 million owing primarily to the 25% increase in inventory levels due to strategic procurement of packaging and raw materials and slower than expected export sales.

Cash flows generated from operations of R93.4 million were 30% lower than the previous year owing to the higher levels of working capital. The group raised equity capital of R648 million through the issue of 25 million shares in an accelerated book build in November 2016. The proceeds of the book build have been applied to funding capital expenditure as well as the acquisition of Ma Baker, and to reduce debt levels. The group's net overdraft increased to R299.0 million (2016: R219.9 million).

The group has increased its capital investment programme and R233 million (2016: R109 million) was invested mainly in completing the meat production plant upgrade, increasing production capacity at the fruit juice, fruit products, vegetable and pie facilities, and the completion of the flexible packaging and baby foods factory at Groot Drakenstein.

COMMENTARY CONTINUED

ACQUISITIONS

The group's two largest acquisitions, Pakco (R197 million) and Ma Baker (R193 million), were completed late in the reporting period, and had been consolidated, but had no impact on the profit for the period under review.

Durban-based Pakco produces spices, condiments and instant meals and will enable Rhodes to enter the dry packed foods market. Pakco has a portfolio of strong and well-known brands, including Bisto, Southern Coating, Hinds and Gold Dish, which will complement the group's canned foods and bottled salads ranges.

Ma Baker is a well-established KwaZulu-Natal based pie producer which will strengthen the group's position in the growing pie and pastry market, and diversify its customer base and geographic presence. The acquisition will allow for synergies to be realised with the group's pie, snacking and bakery businesses.

OUTLOOK

The group will continue to drive organic growth in the regional segment, maximise synergies from the recent acquisitions, grow brand shares and expand its presence in sub-Saharan Africa.

In the International segment management aims to grow sales to reverse the negative volume growth in the first half and to reduce inventory levels. The volatile Rand exchange rate continues to be a risk to performance of the International segment. While the International results benefited from the group's hedging strategy in the first half, this will have a reduced benefit in the second half.

The integration programmes for Pakco and Ma Baker are progressing well. The focus in Pakco is on extracting cost savings and synergies to enhance profitability in the short term, while improving manufacturing, distribution and marketing in the medium-term. The focus in Ma Baker is on extracting synergies with the pie, snacking and bakery businesses, and rationalizing operations, distribution and the product offer. Ma Baker is expected to be earnings accretive in the second half of the financial year.

Capital investment of R220 million is planned for the second half of 2017, including the upgrading of production facilities at Pakco and Ma Baker.

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

Bruce Henderson
Chief Executive Officer

Tiaan Schoombie
Chief Financial Officer

Groot Drakenstein
23 May 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 2 April 2017

	Notes	**Reviewed Six-month period ended 2 April 2017 R'000**	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 25 September 2016 Restated R'000	Audited year ended 27 September 2015 Restated R'000
ASSETS					
Non-current assets		**1 932 866**	1 324 186	1 380 759	1 167 896
Property, plant and equipment	4	**1 272 039**	934 502	986 826	793 565
Intangible assets		**164 138**	83 331	81 587	79 908
Goodwill		**468 984**	286 207	287 607	271 775
Biological assets	6	**27 705**	20 146	24 739	22 648
Current assets		**2 083 696**	1 714 388	1 728 820	1 310 067
Inventory	5	**1 320 301**	1 008 051	947 488	694 604
Accounts receivable		**702 041**	686 274	749 378	604 078
Loan receivable		**3 307**	2 700	3 000	2 758
Taxation receivable		**10 084**	–	–	–
Foreign exchange contract asset	7.1	**8 021**	–	21 925	–
Bank balances and cash on hand		**39 942**	17 363	7 029	8 627
Total assets		**4 016 562**	3 038 574	3 109 579	2 477 963
EQUITY AND LIABILITIES					
Capital and reserves		**2 122 716**	1 071 239	1 256 898	1 018 157
Share capital	8	**1 565 509**	720 205	720 205	720 205
Equity-settled employee benefits reserve		**5 776**	1 386	2 773	–
Accumulated profit		**541 744**	343 273	524 948	291 582
Equity attributable to owners of the company		**2 113 029**	1 064 864	1 247 926	1 011 787
Non-controlling interest		**9 687**	6 375	8 972	6 370
Non-current liabilities		**645 618**	746 299	786 544	692 533
Long-term loans		**509 374**	671 927	687 231	621 773
Deferred taxation liability		**126 383**	67 385	85 085	60 993
Employee benefit liability		**9 861**	6 987	14 228	9 767
Current liabilities		**1 248 228**	1 221 036	1 066 137	767 273
Accounts payable and accruals		**683 482**	725 882	531 596	430 352
Employee benefits accrual		**75 707**	91 641	126 008	114 927
Current portion of long-term loans		**150 117**	125 910	152 963	109 775
Taxation payable		**–**	30 363	58 918	29 820
Bank overdraft		**338 922**	237 228	196 652	72 448
Foreign exchange contract liability	7.1	**–**	10 012	–	9 951
Total equity and liabilities		**4 016 562**	3 038 574	3 109 579	2 477 963

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six-month period ended 2 April 2017

		Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 25 September 2016 Restated R'000
Revenue		**2 150 737**	1 988 072	4 145 902
Cost of goods sold		**(1 567 317)**	(1 427 143)	(2 932 530)
Gross profit		**583 420**	560 929	1 213 372
Other income		**41 017**	13 303	37 221
Operating costs		**(416 735)**	(388 296)	(752 265)
Profit before interest and taxation		**207 702**	185 936	498 328
Interest paid		**(34 462)**	(37 984)	(89 066)
Interest received		**22**	–	13
Profit before taxation		**173 262**	147 952	409 275
Taxation		**(48 616)**	(39 216)	(115 924)
Profit for the period		**124 646**	108 736	293 351
Profit attributable to:				
Owners of the company		**123 931**	108 731	290 749
Non-controlling interest		**715**	5	2 602
		124 646	108 736	293 351
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss		**–**	–	(622)
Remeasurement of employee benefit liability		**–**	–	(857)
Deferred taxation effect		**–**	–	235
Total comprehensive income for the period		**124 646**	108 736	292 729
Total comprehensive income attributable to:				
Owners of the company		**123 931**	108 731	290 127
Non-controlling interest		**715**	5	2 602
		124 646	108 736	292 729
Earnings per share	(cents)	**52.4**	49.4	132.1
Diluted earnings per share	(cents)	**50.4**	47.4	127.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended 2 April 2017

	Share capital R'000	Equity-settled employee benefits reserve R'000	Accumulated profit Restated R'000	Non-controlling interest Restated R'000	Total R'000
Balance at 27 September 2015 - audited	720 205	–	291 582	6 370	1 018 157
Total comprehensive income for the period (restated)	–	–	108 731	5	108 736
Recognition of share based payments	–	1 386	–	–	1 386
Dividend paid to owners of the company	–	–	(57 040)	–	(57 040)
Balance at 27 March 2016 - reviewed (restated)	720 205	1 386	343 273	6 375	1 071 239
Total comprehensive income for the period (restated)	–	–	181 396	2 597	183 993
Recognition of share based payments	–	1 387	–	–	1 387
Treasury shares dividends received	–	–	279	–	279
Balance at 25 September 2016 - audited (restated)	720 205	2 773	524 948	8 972	1 256 898
Issue of ordinary share capital	**845 304**	**–**	**–**	**–**	**845 304**
Total comprehensive income for the period	**–**	**–**	**123 931**	**715**	**124 646**
Recognition of share based payments	**–**	**3 003**	**–**	**–**	**3 003**
Treasury shares dividends received	**–**	**–**	**475**	**–**	**475**
Dividends paid to owners of the company	**–**	**–**	**(107 610)**	**–**	**(107 610)**
Balance at 2 April 2017 - reviewed	**1 565 509**	**5 776**	**541 744**	**9 687**	**2 122 716**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-month period ended 2 April 2017

	Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 25 September 2016 Restated R'000
Cash flows from operating activities			
Operating cash flows before working capital changes	**257 567**	230 464	593 240
Working capital changes	**(164 122)**	(97 527)	(290 977)
Cash generated from operations	**93 445**	132 937	302 263
Net interest paid	**(37 010)**	(33 057)	(88 613)
Taxation paid	**(100 438)**	(32 279)	(63 899)
Net cash (outflow)/inflow from operating activities	**(44 003)**	67 601	149 751
Cash flows from investing activities			
Purchase of property, plant and equipment	**(233 258)**	(108 708)	(238 051)
Proceeds on disposal of property, plant and equipment	**269**	3 796	6 703
Acquisition of subsidiaries and businesses less net cash acquired	**(180 477)**	(123 111)	(123 110)
Loan receivable advanced	**(307)**	–	(300)
Loans receivable repaid	**–**	58	58
Dividends paid to owners of the company	**(107 610)**	(57 040)	(57 040)
Treasury shares dividend received	**475**	–	279
Net cash outflow from investing activities	**(520 908)**	(285 005)	(411 461)
Cash flows from financing activities			
Proceeds on issue of ordinary share capital	**648 304**	–	–
Loans raised	**300 000**	119 565	219 570
Loans repaid	**(495 492)**	(58 205)	(110 924)
Government grant received	**2 742**	–	27 262
Net cash inflow from financing activities	**455 554**	61 360	135 908
Net decrease in cash and cash equivalents	**(109 357)**	(156 044)	(125 802)
Cash and cash equivalents at beginning of the period	**(189 623)**	(63 821)	(63 821)
Cash and cash equivalents at end of the period	**(298 980)**	(219 865)	(189 623)

CONDENSED CONSOLIDATED SEGMENTAL REPORT
for the six-month period ended 2 April 2017

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		
	Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 25 September 2016 Restated R'000
Regional			
Fresh products sales	**688 546**	538 941	1 175 282
Long life products sales	**1 065 693**	948 874	1 856 695
	1 754 239	1 487 815	3 031 977
International			
Long life products sales	**396 498**	500 257	1 113 925
Total	**2 150 737**	1 988 072	4 145 902
	Segment profit		
Regional	**161 779**	118 369	311 440
International	**49 930**	69 999	190 090
Total	**211 709**	188 368	501 530
Acquisition costs	**(4 007)**	(2 432)	(3 202)
Interest received	**22**	–	13
Interest paid	**(34 462)**	(37 984)	(89 066)
Profit before taxation	**173 262**	147 952	409 275

Segment revenue reported above represents revenue generated from external customers. Inter-company sales amounted to R285.290 million (six months ended 27 March 2016: R366.496 million, year ended 25 September 2016 R561.168 million).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1 to the condensed consolidated interim financial statements. Segment profit represents the profit before tax earned by each segment without allocation of 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) are detailed below. The chief operating decision maker does not evaluate any of the Group's other assets or liabilities on a segmental basis for decision making purposes.

	Non-current assets		
	Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 R'000	Audited year ended 25 September 2016 R'000
Republic of South Africa	**1 332 852**	930 564	973 684
Kingdom of Swaziland	**131 030**	107 415	119 468
	1 463 882	1 037 979	1 093 152

Information regarding major customers

Two customers (six months ended 27 March 2016: three, year ended 25 September 2016: two) individually contributed 10% or more of the Group's revenue arising from both regional and international sources.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 2 April 2017

1. BASIS OF PREPARATION

Rhodes Food Group Holdings Limited is a company domiciled in the Republic of South Africa. These condensed consolidated financial statements ("interim financial statements") as at and for the six-month period ended 2 April 2017 comprise the company and its subsidiaries (together referred to as the "Group").

The interim financial statements are prepared in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those applied in the audited consolidated financial statements for the year ended 25 September 2016, apart from the change in accounting policy due to the application of the mandatory amendments to IAS 41: Agriculture. The detail of the nature and effect of the change is disclosed in note 12.

The accounting policies adopted and methods of computation are in accordance with IFRS.

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

2. SEASONALITY OF OPERATIONS

The Group's performance is subject to seasonal trends based on the seasonality of fruit crops which are processed annually from November to April and June to August. Due to the seasonal nature of fruit production working capital is actively managed over an annual cycle.

3. EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any matter or circumstance of a material nature arising since the end of the six-month period ended 2 April 2017, otherwise not dealt with in the interim financial statements, which significantly affect the financial position of the Group or the results of its operations.

4. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 2 April 2017, the Group acquired assets with a value of R233.258 million (restated six months ended 27 March 2016: R108.708 million, restated year ended 25 September 2016: R238.051 million). The Group received a government grant for capital expenditure of R2.742 million (six months ended 27 March 2016: Rnil, year ended 25 September 2016: R27.262 million) which was offset against the cost incurred.

During the six-month period ended 2 April 2017 assets with a fair value of R107.419 million were acquired through the acquisitions of Pakco Proprietary Limited and Ma Baker Group of Companies as per note 11, (six months ended 27 March 2016 and year ended 25 September 2016: assets with a fair value of R79.253 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).

During the six-month period ended 2 April 2017 assets with a carrying amount of R0.213 million were disposed of (six months ended 27 March 2016: R4.268 million, year ended 25 September 2016: 9.661 million). This disposal resulted in a profit of R0.056 million (six months ended 27 March 2016: R0.472 million loss, year ended 25 September 2016: R2.958 million loss), which was recognised as part of “other income” and “operating costs” respectively in the condensed consolidated statement of profit and loss and other comprehensive income.

During the six-month period ended 2 April 2017 assets with a carrying amount of R3.396 million (six months ended 27 March 2016: Rnil, 25 September 2016: R0.254 million) were impaired. This impairment resulted in a loss of R3.396 million (six months ended 27 March 2016: Rnil, 25 September 2016: R0.254 million), which was recognised as part of “operating costs” in the consolidated statement of profit or loss and other comprehensive income.

During the six-month period ended 2 April 2017, the Group contracted R366.717 million (six months ended 27 March 2016: R93.609 million, year ended 25 September 2016: R170.626 million) for future capital commitments.

Refer to note 12 for detail regarding the impact of the application of the amendments to IAS 41: Agriculture, which resulted in bearer plants being recognised as property, plant and equipment. There has been no other 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 as disclosed in the audited consolidated financial statements for the year ended 25 September 2016.

5. INVENTORY

A provision of R6.066 million for the six months ended 2 April 2017 (six months ended 27 March 2016: R9.160 million, year ended 25 September 2016: R6.066 million) was raised in order to recognise inventory at the lower of cost or net realisable value.

	Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 5 September 2016 Restated R'000
6. BIOLOGICAL ASSETS			
Livestock	**8 963**	8 546	8 702
Growing crops	**18 742**	11 600	16 037
	27 705	20 146	24 739

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); or

Weight and quantity premiums increased/(decreased).

Growing crops

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

Pineapple volumes increased/(decreased);

Pineapple prices increased/(decreased); or

Costs of 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-sales costs and cost of harvesting of which the unobservable inputs consist of estimated volumes (tonnes delivered nine months subsequent to the six months ended 2 April 2017: 17 154, six months ended 27 March 2016: 13 875, year ended 25 September 2016: 14 734) and estimated pricing (per ton delivered: six months ended 2 April 2017: R1 491, six months ended 27 March 2016: R1 277, year ended 25 September 2016: R1 491) of pineapples harvested.

	Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 25 September 2016 Restated R'000
6. BIOLOGICAL ASSETS continued			
Carrying value at the beginning of the period	**24 739**	22 648	22 648
Value of crops harvested	**(7 953)**	(6 893)	(6 893)
Gain included in profit or loss	**10 919**	4 391	8 984
Carrying value at the end of the period	**27 705**	20 146	24 739

Refer to note 12 for detail regarding the impact of the application of the amendment to IAS 41: Agriculture.

7. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

7.1 Foreign exchange contracts			
Contract asset/(liability)	**8 021**	(10 012)	21 925

7.2 Valuation of financial instruments held at fair value through profit or loss

Financial instruments	**Level**	**Valuation technique**
Foreign exchange contracts	Level 2	Mark to market rates by issuer of instrument

8. ISSUE OF ORDINARY SHARE CAPITAL

On 29 November 2016 the company raised net proceeds of R648.170 million through the private placement of 25 million ordinary shares. A further 7.762 million shares where issued on 22 March 2017 in order to settle the full purchase price of R197 million for the acquisition of Pakco Proprietary Limited.

		Reviewed Six-month period ended 2 April 2017 R'000	Reviewed Six-month period ended 27 March 2016 Restated R'000	Audited year ended 25 September 2016 Restated R'000
9.	**EARNINGS PER SHARE**			
9.1	**Headline earnings per share**			
	Reconciliation between profit attributable to owners of the company and headline earnings:			
	Profit attributable to owners of the company	**123 931**	108 731	290 749
	Adjustments to profit attributable to owners of the company	**2 405**	340	2 313
	(Profit)/loss on disposal of property, plant and equipment	**(56)**	472	2 958
	Impairment of property, plant and equipment	**3 396**	–	254
	Taxation effect	**(935)**	(132)	(899)
	Headline earnings	**126 336**	109 071	293 062
	Headline earnings per share (cents)	**53.4**	49.6	133.3
9.2	**Diluted headline earnings per share**			
	Diluted headline earnings per share (cents)	**51.4**	47.6	128.0
9.3	**Weighted average number of shares in issue**			
	Ordinary shares in issue at beginning of the period	**221 000 000**	221 000 000	221 000 000
	Weighted number of shares issued during the period	**16 853 874**	–	–
	Treasury shares	**(1 125 000)**	(937 500)	(1 125 000)
	Weighted average number of shares in issue	**236 728 874**	220 062 500	219 875 000
	Effect of convertible preference shares	**9 000 000**	9 000 000	9 000 000
	Effect of share options	**175 828**	14 534	92 414
	Weighted average number of dilutive shares in issue	**245 904 702**	229 077 034	228 967 414

10. CONTINGENT LIABILITIES

The Group has entered into guarantees, the outcome of which has not been determined. The guarantees from import and operation activities for the six-month period ended 2 April 2017 is R5.070 million (six months ended 27 March 2016: R4.465 million, year ended 25 September 2016: R5.872 million). There were no other changes in the contingent liabilities from the prior period as disclosed in the audited consolidated financial statements for the year ended 25 September 2016.

11. ACQUISITION OF SUBSIDIARIES

11.1 Pakco Proprietary Limited

On 22 March 2017 the Group acquired 100% of the issued share capital of Pakco (Pty) Ltd ("Pakco"), equating to 100% of the voting equity interests. Pakco manufactures, markets and distributes 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 canning operations and expanding into new categories, thereby strengthening the Group's product basket to customers.

No revenue and profit or loss for the period attributable to the additional business generated by Pakco is included in the condensed consolidated statement of profit or loss and other comprehensive income. 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 due to insufficient information available.

	Reviewed 22 March 2017 R'000
Assets and liabilities acquired	
Property, plant and equipment	49 000
Intangible assets	28 031
Inventory	38 169
Accounts receivable	38 717
Bank balances and cash on hand	8 614
Deferred taxation liability	(5 453)
Accounts payable and provisions	(47 627)
Employee benefit accrual	(4 712)
Fair value of assets and liabilities acquired	104 739
Purchase price - settled through issue of ordinary shares	197 000
Goodwill	(92 261)

The initial accounting for the acquisition of Pakco has only been provisionally determined at the end of the reporting period. At the date of finalisation of these interim financial statements, the necessary valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the six months ended 2 April 2017

11. ACQUISITION OF SUBSIDIARIES (continued)

11.2 Ma Baker Group of companies

On 31 March 2017 the Group acquired 100% of the issued share capital of Ma Baker Express (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"), equating to 100% of the voting equity interests. Ma Baker Group of Companies operates manufacturing plants in Pinetown and Pietermaritzburg where it manufactures 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.

No revenue and profit or loss for the period, attributable to the additional business generated by the Ma Baker Group of Companies, is included in the condensed consolidated statement of profit or loss and other comprehensive income. 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 due to insufficient information available.

	Reviewed 31 March 2017 R'000
Assets and liabilities acquired	
Property, plant and equipment	58 419
Intangible assets	56 264
Inventory	18 566
Accounts receivable	28 018
Bank balances and cash on hand	3 544
Deferred taxation liability	(18 489)
Accounts payable and provisions	(25 491)
Employee benefit accrual	(2 348)
Current portion of long-term loans	(14 789)
Taxation payable	(175)
Fair value of assets and liabilities acquired	103 519
Purchase price - settled in cash	192 635
Goodwill	(89 116)

The initial accounting for the acquisition of the Ma Baker Group of Companies has only been provisionally determined at the end of the reporting period. At the date of finalisation of these interim financial statements, the necessary valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

12. 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 amendment 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.

	Previously reported R'000	Change in accounting policy R'000	**Restated R'000**
Year ended 27 September 2015 - audited			
Statement of financial position			
Non-current assets	816 213	–	**816 213**
Property, plant and equipment	785 462	8 103	**793 565**
Biological assets	30 751	(8 103)	**22 648**
Year ended 25 September 2016 - audited			
Statement of financial position			
Non-current assets	1 006 715	4 850	**1 011 565**
Property, plant and equipment	974 642	12 184	**986 826**
Biological assets	32 073	(7 334)	**24 739**
Capital and reserves	530 404	3 516	**533 920**
Accumulated profit attributable to owners of the company	521 597	3 351	**524 948**
Non-controlling interest	8 807	165	**8 972**
Non-current liabilities	83 751	1 334	**85 085**
Deferred taxation liability	83 751	1 334	**85 085**

CHANGE IN ACCOUNTING POLICY (continued)

	Previously reported R'000	Change in accounting policy R'000	**Restated R'000**
Statement of profit or loss and other comprehensive income			
Other income	36 451	770	**37 221**
Operating costs	(756 345)	4 080	**(752 265)**
Profit before taxation	404 425	4 850	**409 275**
Taxation	(114 590)	(1 334)	**(115 924)**
Profit for the year	289 835	3 516	**293 351**
Profit after taxation attributable to owners of the company	287 398	3 351	**290 749**
Profit after taxation attributable to non-controlling interest	2 437	165	**2 602**
Earnings per share (cents)	130.6	1.5	**132.1**
Diluted earnings per share (cents)	125.5	1.5	**127.0**
Headline earnings per share (cents)	131.8	1.5	**133.3**
Diluted headline earnings per share (cents)	126.5	1.5	**128.0**
Statement of cash flows			
Net cash inflow from operating activities	140 253	9 498	**149 751**
Cash flows from investing activities	(228 553)	(9 498)	**(238 051)**
Purchase of property, plant and equipment	(228 553)	(9 498)	**(238 051)**
Six-month ended 27 March 2016 - reviewed			
Statement of financial position			
Non-current assets	956 223	(1 575)	**954 648**
Property, plant and equipment	925 447	9 055	**934 502**
Biological assets	30 776	(10 630)	**20 146**
Capital and reserves	350 790	(1 142)	**349 648**
Accumulated profit attributable to owners of the company	344 361	(1 088)	**343 273**
Non-controlling interest	6 429	(54)	**6 375**
Non-current liabilities	67 818	(433)	**67 385**
Deferred taxation liability	67 818	(433)	**67 385**

12. CHANGE IN ACCOUNTING POLICY (continued)

	Previously reported R'000	Change in accounting policy R'000	**Restated R'000**
Statement of profit or loss and other comprehensive income			
Operating costs	(386 721)	(1 575)	**(388 296)**
Profit before taxation	149 527	(1 575)	**147 952**
Taxation	(39 649)	433	**(39 216)**
Profit for the period	109 878	(1 142)	**108 736**
Profit after taxation attributable to owners of the company	109 819	(1 088)	**108 731**
Profit after taxation attributable to non-controlling interest	59	(54)	**5**
Earnings per share (cents)	49.9	(0.5)	**49.4**
Diluted earnings per share (cents)	47.9	(0.5)	**47.4**
Headline earnings per share (cents)	50.1	(0.5)	**49.6**
Diluted headline earnings per share (cents)	48.1	(0.5)	**47.6**
Statement of cash flows			
Net cash inflow from operating activities	62 949	4 652	**67 601**
Cash flows form investing activities	(104 056)	(4 652)	**(108 708)**
Purchase of property, plant and equipment	(104 056)	(4 652)	**(108 708)**

13. RELATED PARTY TRANSACTIONS

During the six-month period ended 2 April 2017, the Group generated sales from Peaty Mills Plc for R76.300 million (six months ended 27 March 2016: R108.408 million, 25 September 2016: R286.020 million). Included in trade receivable are amounts due from Peaty Mills for R28.718 million (six months ended 27 March 2016: R33.555 million, 25 September 2016: R52.638 million). There were no other significant related party transactions during the period under review.

14. DIVIDEND

On 16 January 2017, a dividend of 42.2 cents per share, total dividend R107.610 million (25 January 2016, a dividend of 24.8 cents per share, total dividend R57.040 million) was paid.

15. SIX-MONTH PERIOD END

The Group's financial year ends in September which reflects 52 weeks of trading. The 2017 financial year, however, includes a 53rd week of trading. Therefore the Group's interim financial period ended in March, reflects 27 weeks of trading (2016: 26 weeks) and as a result the reporting date differs year-on-year. References to an interim financial period are to the 27/26 weeks ended on or about 31 March. As a result the interim financial statements were prepared for the 27 week period ended 2 April 2017 (26 week period ended 27 March 2016).

16. REVIEW REPORT

The directors have elected to engage the Group's auditors, Deloitte & Touche, to conduct a voluntary review of the condensed consolidated interim financial statements.

The Group's auditors have issued an unmodified review report on the condensed consolidated interim financial statements. Any reference to the Group's outlook included in this announcement has not been reviewed or reported on by the Group's auditors.

INDEPENDENT AUDITOR'S REVIEW

Report on the condensed consolidated interim financial statements

TO THE SHAREHOLDERS OF RHODES FOOD GROUP HOLDINGS LIMITED

We have reviewed the condensed consolidated financial statements of Rhodes Food Group Holdings Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 2 April 2017 and the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the period then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements
The directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard (IAS) 34, *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Rhodes Food Group Holdings Limited for the period ended 2 April 2017 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per PJ Schneider
Partner
23 May 2017

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer *MJ Jarvis Chief Operating Officer *GM Pinnock Audit *N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting
S Gwala BPaaS *K Black Clients and Industries *JK Mazzocco Talent and Transformation *MJ Comber
Reputation and Risk *TJ Brown Chairman of the Board
Regional leader: MN Alberts
**Partner and Registered Auditor*
A full list of partners and directors is available on request
B-BBEE rating: Level 2 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

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	Pniel 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	Deloitte & Touche

www.rhodesfoodgroup.com