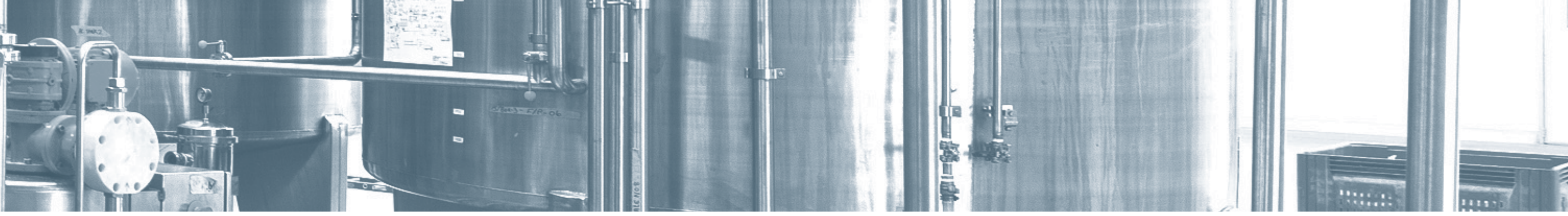
RFG

AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 September **2018**

CONTENTS



APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation, integrity and objectivity of the consolidated annual financial statements and other information contained in these consolidated annual financial statements. In order to discharge this responsibility, the Group maintains internal accounting and administrative control systems, designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded, in accordance with the Group policies and procedures.

The consolidated annual financial statements set out on pages 4 to 50 were prepared under the supervision of CC Schoombie, CA(SA), Chief Financial Officer and were approved by the board of directors on 16 November 2018 and are signed on their behalf by:

Dr YG Muthien
Chairperson

BAS Henderson
Chief executive officer

SECRETARIAL CERTIFICATION

In accordance with section 88(2)(e) of the Companies Act, No 71 of 2008, for the year ended 30 September 2018, it is hereby certified that the company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required and that such returns are true, correct and up to date.

BM Lakey
Company secretary

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RHODES FOOD GROUP HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rhodes Food Group Holdings Limited (the Group) set out on pages 8 to 50, which comprise the statement of financial position as at 30 September 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

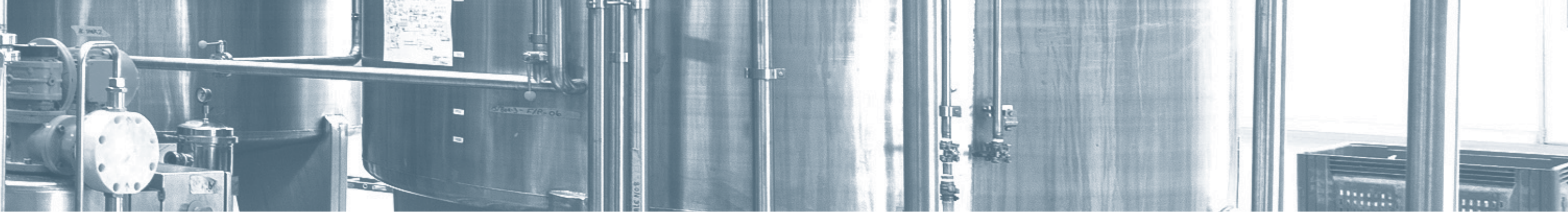
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Valuation of goodwill and intangible assets with an indefinite useful life Goodwill and intangible assets with an indefinite useful life currently amount to R567 million and are required to be assessed for impairment on an annual basis in accordance with IAS 36: Impairment of Assets ("IAS 36"). In performing this assessment the directors determine the value-in-use of cash generating units ("CGUs") with identified goodwill and intangible assets using key sensitive assumptions which contain significant judgements regarding cash flow forecasts and discount rates. Accordingly this is considered a key audit matter.	In evaluating the value-in-use calculations of the CGUs the following procedures were performed: • Evaluated the appropriateness of the CGUs identified against the requirements of ISA 36. • Evaluated the appropriateness of the goodwill and intangible assets allocated to the applicable CGUs. • Performed sensitivity analysis on the value-in-use calculations to identify the assumptions that are most sensitive to the value-in-use calculations. • Assessed the key assumptions used in the various value-in-use calculations against historical data and budgeted performance taking into account our knowledge of the business. • Involving our internal corporate finance specialists to assist with the testing of the discount rates applied. Their procedures included benchmarking relevant inputs used in determining the discount rates against relevant market data. • Assessing the disclosure included in notes 6 and 7 to the financial statements against the requirements of IAS 36. The goodwill and intangible assets with indefinite useful lives appear to not be impaired and fairly presented and disclosed in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the Audit and Risk Committee and the Secretarial Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Rhodes Food Group Holdings Limited for 19 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per Paul Schneider
Partner

20 November 2018

1st Floor The Square, Cape Quarter, 27 Somerset Road, Green Point, 8005, Western Cape, Docex 5 Claremont

DIRECTORS' REPORT

The directors have the pleasure in presenting their report for the year ended 30 September 2018.

NATURE OF BUSINESS

The main business of Rhodes Food Group Holdings Limited and its subsidiaries ("the Group") is the manufacturing and marketing of convenience meal solutions. These include fresh and frozen ready meals, pastry-based products, dairy products, juice and juice products, fruit purees and concentrates and long life meals including jams, fruits, salads, vegetables, meat and dry packed foods. The Group's operations are located in South Africa and the Kingdom of Eswatini (formerly Kingdom of Swaziland).

GENERAL REVIEW

The results of the activities for the year under review and financial position of the Group at 30 September 2018 are set out in the financial statements. No other facts or circumstances, except those disclosed below and in the financial statements, require further disclosure in our opinion.

The Group disposed of 50.83% of its shareholding in MaBaker Xpress Proprietary Limited in October 2017 to a third party, for a consideration of R6.1 million. On the date of disposal the Group ceased to control the previously wholly owned subsidiary and retains a shareholding of 49.17%. The group incurred a loss on the loss of control of the subsidiary of R1.216 million which is included in 'operating costs' in the statement of profit or loss. The Group retains significant influence over the entity and accordingly the entity is accounted for as an associate subsequent to the disposal of the majority shareholding.

The board of directors is of the opinion that this business does not form part of the Group's core business and that the buyer is more experienced in managing the business.

GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going-concern basis.

EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors has declared a gross cash dividend of 20.3 cents (2017: 31.1 cents) per share on 16 November 2018 in respect of the year ended 30 September 2018.

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.

SHARE CAPITAL

During the year no ordinary or preference share were issued (2017: 32.8 million ordinary shares issued).

SPECIAL RESOLUTIONS PASSED

- Non-executive directors' fees have been approved as disclosed in the Integrated Report for the year ended 30 September 2018.
- The company, or any of its subsidiaries, by way of a general authority, may acquire ordinary shares in the company, subject to the provisions of the Companies Act, No 71 of 2008, and the JSE Limited Listings Requirements.
- The company may at any time, and from time to time during the period of two years commencing on 1 March 2018, offer direct or indirect financial assistance to any related director, prescribed officer or inter-related company or corporation of the company subject to the requirements of the Companies Act, No 71 of 2008.

SUBSIDIARIES

Refer to note 31 of the financial statements for a list of subsidiaries.

DIVIDENDS

On 15 January 2018, a dividend of 31.1 cents (2017: 42.2 cents) per share was paid amounting to a total dividend of R81.7 million (2017: R107.6 million).

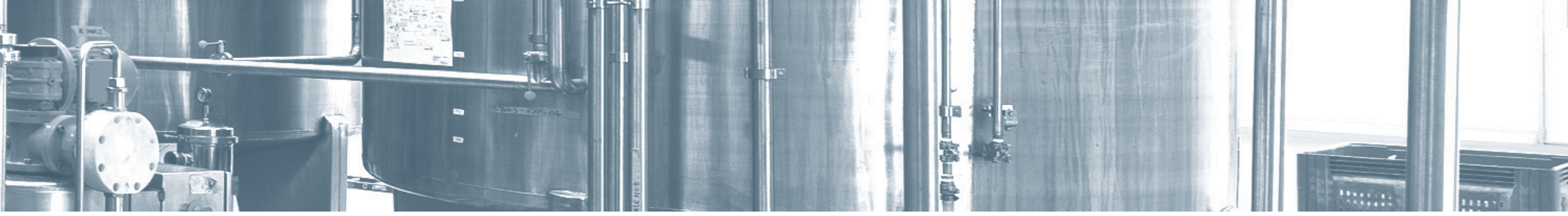
DIRECTORS

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

Name	Position
Dr YG Muthien	Independent non-executive director (Chairperson)
MR Bower	Independent non-executive director (Lead independent director)
BAS Henderson	Executive director (Chief executive officer)
TP Leeuw	Independent non-executive director
LA Makenete	Independent non-executive director
B Njobe	Independent non-executive director
CC Schoombie	Executive director (Chief financial officer)
CL Smart	Non-executive director
GJH Willis	Non-executive director

DIRECTORS' SHAREHOLDINGS

Refer to note 20 of the financial statements for the detail regarding the directors' shareholdings.



FINANCIAL YEAR-END

The Group's financial year ends in September which reflects 52 weeks of trading, and as a result the reporting date may differ year on year. The 2017 financial year, however, included a 53rd week of trading. References to "financial year" are to the 52/53 weeks ended on or about 30 September. As a result the financial statements were prepared for the year ended 30 September 2018 (2017: 1 October).

SECRETARY

BM Lakey	(Appointed 1 May 2018)
Statucor Proprietary Limited (represented by A Rich)	(Resigned 1 May 2018)

Business address	**Postal address**
Pniel Road	PO Box X3040
Groot Drakenstein	Paarl
7680	7620

AUDITORS

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

PREPARER OF ANNUAL FINANCIAL STATEMENTS

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

REPORT OF THE AUDIT AND RISK COMMITTEE

INTRODUCTION

This report of the Rhodes Food Group Holdings Limited audit and risk committee (the committee) is presented to shareholders in compliance with the Companies Act and the King Code of Governance Principles (King IV).

The committee has a statutory role in terms of the Companies Act and also has an independent role with accountability to both the board and to the shareholders. The committee operates within a formal charter and complies with all relevant legislation, regulation and governance codes.

ROLE OF THE COMMITTEE

The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King IV as well as additional responsibilities assigned by the board.

The responsibilities of the committee are as follows:

- Ensure that management has created and maintained an effective financial and operating control environment in the Group.
- Ensure that business, financial and other risks have been identified and are being suitably managed.
- Monitor standards of governance, reporting and compliance.
- Oversee integrated reporting and ensure the integrity of the Integrated Report.
- Review the separate and consolidated financial statements of the Group.
- Review the content of the interim results and report of the Group.

COMPOSITION OF THE COMMITTEE

The committee comprises three suitably qualified independent non-executive directors. The chairperson of the board may not serve on the committee.

The committee comprised the following members during the year and to the date of this report:

Name	Position
MR Bower (chairperson)	BCom, BCompt (Hons), CA(SA)
TP Leeuw	BCom, BCompt (Hons), MAP
LA Makenete	BSc, MSc (Agricultural Management)

Biographical details of the committee members appear in the Integrated Report. Fees paid to the committee members for 2017 and the proposed fees for 2018 are disclosed in the remuneration report in the Integrated Report.

The committee is elected by shareholders at the annual general meeting each year while the board appoints the chairman of the committee.

Non-executive directors, executive directors, external auditors and internal auditors attend meetings at the invitation of the committee. The committee may also meet separately with the external auditor and the internal auditor without executive management being present.

EXTERNAL AUDIT

The committee has assessed the independence, expertise and objectivity of the external auditor, Deloitte & Touche, as well as approving the fees paid to the external auditor (refer to note 19 in the annual financial statements).

The committee has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in Rhodes Food Group Holdings Limited.

The committee has nominated, for election at the next annual general meeting, Deloitte & Touche, as the external audit firm and Paul Schneider as the designated auditor, responsible for performing the functions of external auditor, for the 2019 financial year.

The committee has satisfied itself that the audit firm and designated auditor are not included in the JSE list of disqualified auditors and their advisors.

NON-AUDIT SERVICES

The Group has a policy on non-audit services which can be provided by the external auditor. All non-audit services are approved in advance by the committee. The policy requires Deloitte & Touche to satisfy the committee that the delivery of non-audit services does not compromise their independence in undertaking normal audit assignments.

During the year under review Deloitte & Touche received R0.755 million (2017: R1.334 million) for non-audit services, equating to 31.6% (2017: 65.8%) of their total audit fees of R2.387 million (2017: R2.021 million). The majority of these services related to non-recurring engagements for applications to the Department of Trade and Industry for incentive programmes.

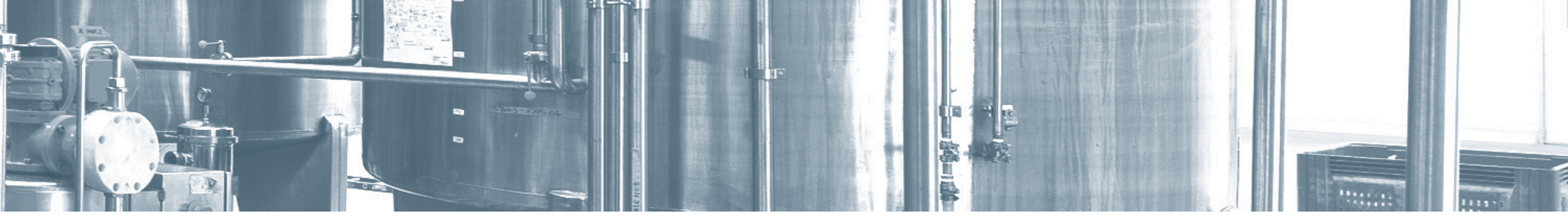
INTERNAL CONTROL

Systems of internal control are designed to manage the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

No material matter has come to the attention of the board that has caused the directors to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

INTERNAL AUDIT

The internal audit function is outsourced to PricewaterhouseCoopers who assist management in controlling risk, monitoring compliance, improving efficiency and the effectiveness of internal control systems and governance processes.



The internal audit function is mandated by the board and its responsibilities are determined by the committee. The internal audit service provider is appointed and removed by the committee, and reports on administrative matters to the chief financial officer. The internal audit service provider has direct and unrestricted access to the chairperson of the committee.

The committee has satisfied itself as to the effectiveness of the internal audit function and the internal audit service provider.

STATEMENT OF COMBINED ASSURANCE

A combined assurance model is applied to provide a coordinated approach to all assurance activities.

The combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the key risk areas affecting the Group.

Activities are coordinated to maximise the level of assurance achieved by each of the assurance providers. This enables an effective control environment and ensures the integrity of information used for internal decision making and supports the integrity of external reports.

The combined assurance model is integrated within the risk management process, including reporting to and oversight from the audit and risk committee.

The audit and risk committee has reviewed the combined assurance results for the Group to satisfy itself that appropriate assurance activities are in place in relation to the controls operating over the key risks identified.

Further development of the combined assurance policy and framework will be a future area of focus.

EVALUATION OF THE CHIEF FINANCIAL OFFICER

The committee satisfied itself as to the appropriateness of the expertise and experience of the Group's chief financial officer, Tiaan Schoombie. This is based on the qualifications, levels of experience, continuing professional development and the board's assessment of the financial knowledge of the chief financial officer.

The committee also satisfied itself as to the expertise, resources and experience of the Group's finance function.

ACTIVITIES OF THE COMMITTEE

The committee is required to meet at least three times each year, with two meetings coinciding with the key dates of the financial reporting and audit cycle. Minutes of the meetings of the committee are circulated to all directors and supplemented by an update from the committee chairperson at each board meeting.

The chairperson of the committee is required to attend all statutory shareholder meetings to respond to questions on the committee's activities.

The committee performed the following activities during the year under review:

- Recommended to the board and shareholders the appointment of the external auditors.
- Approved the terms of engagement and remuneration of the external auditor, and monitored their independence, objectivity and effectiveness.
- Determined the nature and extent of any non-audit services provided by the external auditor and other auditing firms.
- Reviewed the Group's internal financial control and financial risk management systems.
- Evaluated the appropriateness of the expertise and experience of the chief financial officer.
- Evaluated the expertise, resources and experience of the Group's finance function.
- Reviewed and recommended to the board for approval the interim and separate and consolidated annual financial statements.
- Reviewed and recommended to the board for approval the Integrated Report.
- Reviewed and monitored the Group's internal audit function.
- Evaluated the Group's risk monitor and residual risks.
- Evaluated significant matters relating to the interim and consolidated annual financial statements.
- Established appropriate financial reporting procedures and ensured that the procedures are operating effectively.

APPROVAL OF THE COMMITTEE REPORT

The committee confirms that it has functioned in accordance with its terms of reference for the 2018 financial year and that its report to shareholders has been approved by the board.

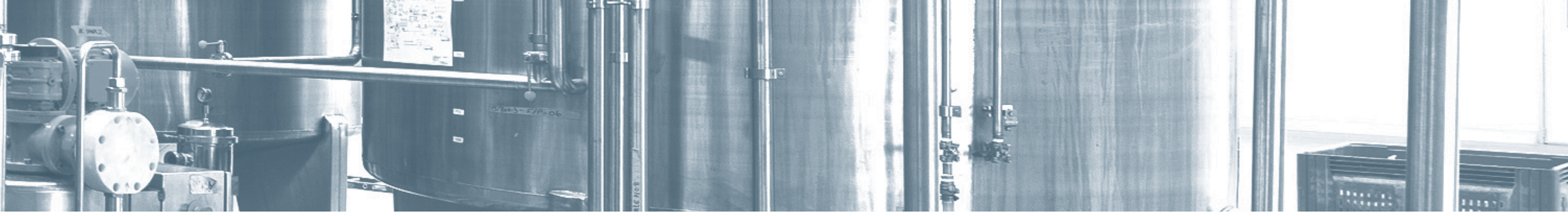
Mark Bower
Chairman

Audit and risk committee
16 November 2018

STATEMENT OF FINANCIAL POSITION

as at 30 September 2018

	Notes	2018 R'000	2017 R'000
ASSETS			
Non-current assets		**2 444 595**	2 145 186
Property, plant and equipment	5	**1 776 614**	1 460 493
Intangible assets	6	**197 691**	207 282
Goodwill	7	**444 857**	457 183
Investment in associate	8	**5 335**	–
Deferred taxation asset	17	**41**	9 294
Biological assets	9	**12 047**	10 664
Loans receivable	10	**8 010**	270
Current assets		**2 138 950**	1 964 903
Inventory	12	**1 227 748**	1 144 080
Accounts receivable	13	**810 216**	767 679
Biological assets	9	**13 622**	10 553
Loans receivable	10	**4 210**	6 170
Taxation receivable	11.1	**48 175**	32 193
Foreign exchange contract asset	29.2	**633**	–
Bank balances and cash on hand	29.3	**34 346**	4 228
Total assets		**4 583 545**	4 110 089
EQUITY AND LIABILITIES			
Capital and reserves		**2 317 840**	2 235 865
Share capital	14	**1 565 509**	1 565 509
Equity-settled employee benefits reserve	15	**17 723**	8 779
Accumulated profit		**725 459**	652 326
Equity attributable to owners of the company		**2 308 691**	2 226 614
Non-controlling interest		**9 149**	9 251
Non-current liabilities		**1 198 836**	877 883
Long-term loans	16	**974 933**	700 407
Deferred taxation liability	17	**207 653**	161 711
Employee benefit liability	18.3	**16 250**	15 765
Current liabilities		**1 066 869**	996 341
Accounts payable and accruals	18.1	**700 620**	534 590
Employee benefits accrual	18.2	**54 647**	75 324
Current portion of long-term loans	16	**250 918**	218 831
Taxation payable	29.2	**2 562**	2 732
Foreign exchange contract liability	29.3	**–**	6 787
Bank overdraft	11.1	**58 122**	158 077
Total equity and liabilities		**4 583 545**	4 110 089



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

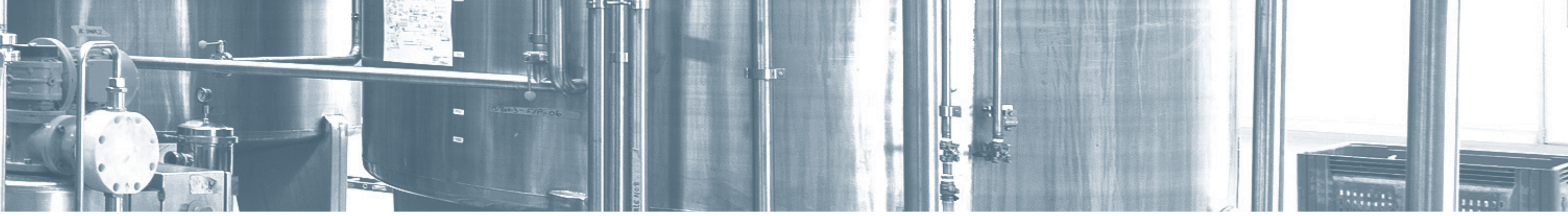
for the year ended 30 September 2018

	Notes	2018 R'000	2017 R'000
Revenue	3.4	**5 109 342**	4 593 317
Cost of goods sold		**(3 839 637)**	(3 355 146)
Gross profit		**1 269 705**	1 238 171
Other income		**35 621**	54 480
Operating costs		**(991 308)**	(885 844)
Profit before interest and taxation	19	**314 018**	406 807
Interest paid	21	**(115 123)**	(84 836)
Interest received		**2 189**	386
Profit before taxation		**201 084**	322 357
Taxation	22	**(46 756)**	(87 566)
Profit for the year		**154 328**	234 791
Profit attributable to:			
Owners of the company		**154 430**	234 512
Non-controlling interest		**(102)**	279
		154 328	234 791
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		**72**	1
Remeasurement of employee benefit liability		**100**	2
Deferred taxation effect		**(28)**	(1)
Total comprehensive income for the year		**154 400**	234 792
Total comprehensive income attributable to:			
Owners of the company		**154 502**	234 513
Non-controlling interest		**(102)**	279
		154 400	234 792
Earnings per share (cents)		**61.1**	95.9
Diluted earnings per share (cents)		**59.0**	92.4

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2018

	Notes	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 25 September 2016		720 205	2 773	524 948	8 972	1 256 898
Issue of ordinary share capital	14	845 304	–	–	–	845 304
Total comprehensive income for the year		–	–	234 513	279	234 792
Recognition of share-based payments		–	6 006	–	–	6 006
Treasury shares dividend received		–	–	475	–	475
Dividend paid		–	–	(107 610)	–	(107 610)
Balance at 1 October 2017		1 565 509	8 779	652 326	9 251	2 235 865
Total comprehensive income for the year		–	–	154 502	(102)	154 400
Recognition of share-based payments	15	–	8 944	–	–	8 944
Treasury shares dividend received		–	–	350	–	350
Dividend paid	33	–	–	(81 719)	–	(81 719)
Balance at 30 September 2018		**1 565 509**	**17 723**	**725 459**	**9 149**	**2 317 840**



STATEMENT OF CASH FLOWS

for the year ended 30 September 2018

	Notes	2018 R'000	2017 R'000
Cash flows from operating activities			
Cash receipts from customers		**5 814 743**	5 263 596
Cash paid to suppliers and employees		**(5 327 226)**	(4 916 482)
Cash generated from operations	29.1	**487 517**	347 114
Interest paid		**(116 630)**	(86 150)
Interest received		**2 189**	–
Taxation paid	29.2	**(8 072)**	(139 023)
Net cash inflow from operating activities		**365 004**	121 941
Cash flows from investing activities			
Purchase of property, plant and equipment		**(479 557)**	(486 946)
Proceeds on disposal of property, plant and equipment		**16 202**	1 478
Acquisition of subsidiaries less net cash acquired		**–**	(207 297)
Loans receivable advanced		**(3 273)**	(3 732)
Loans receivable repaid		**763**	1 471
Dividends paid		**(81 719)**	(107 610)
Treasury shares dividend received		**350**	475
Net cash outflow from investing activities		**(547 234)**	(802 161)
Cash flows from financing activities			
Issue of ordinary share capital		**–**	648 304
Loans raised		**525 000**	621 000
Loans repaid		**(215 567)**	(556 742)
Government grant received		**2 870**	3 432
Net cash inflow from financing activities		**312 303**	715 994
Net increase in cash and cash equivalents		**130 073**	35 774
Cash and cash equivalents at beginning of the year		**(153 849)**	(189 623)
Cash and cash equivalents at end of the year	29.3	**(23 776)**	(153 849)

SEGMENTAL REPORT

for the year ended 30 September 2018

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

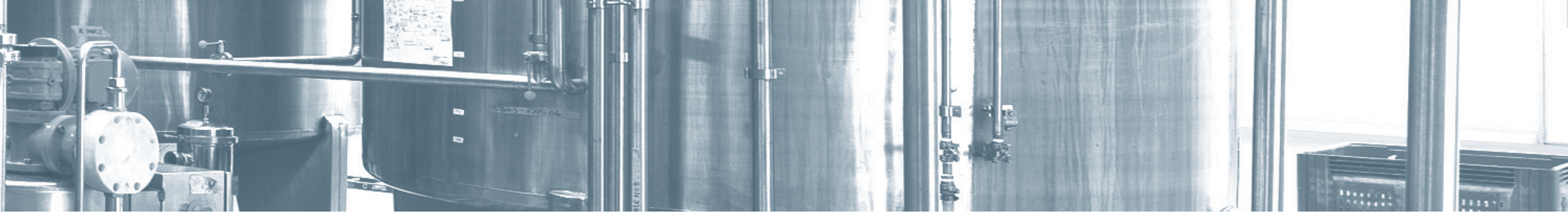
The following is an analysis of the Group's revenue and results by reportable segment.

	Segment revenue	
	2018 R'000	2017 R'000
Regional		
Fresh products sales	**1 686 980**	1 529 291
Long life products sales	**2 433 113**	2 151 307
	4 120 093	3 680 598
International		
Long life products sales	**989 249**	912 719
Total	**5 109 342**	4 593 317
	Segment profit	
Regional	**321 249**	358 254
International	**(5 242)**	57 553
Total	**316 007**	415 807
Impairment loss	**(1 727)**	(3 321)
Acquisition costs	**(262)**	(5 679)
Interest received	**2 189**	386
Interest paid	**(115 123)**	(84 836)
Profit before taxation	**201 084**	322 357

Segment revenue reported above represents revenue generated from external customers. Intercompany sales amounted to R429.312 million (2017: R541.821 million).

Included in the regional and international operating profit is depreciation of R106.015 million (2017: R92.435 million) and R31.279 million (2017: R18.113 million) respectively, amortisation of R8.989 million (2017: R5.791 million) and R0.602 million (2017: R0.748 million) respectively and loss in associate of R0.565 million (2017: Rnil) included in regional operating profit.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of impairment losses, acquisition costs, interest received and interest paid. This is the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.



GEOGRAPHICAL INFORMATION

The Group's non-current assets by location of operations (excluding goodwill and deferred taxation asset) and revenue are detailed below. Executive management does not evaluate any other of the Group's assets or liabilities on a segmental basis for decision-making purposes.

	Non-current assets	
	2018 R'000	2017 R'000
Republic of South Africa	**1 860 455**	1 548 831
Kingdom of Eswatini	**139 242**	129 878
	1 999 697	1 678 709

	Revenue	
	2018 R'000	2017 R'000
Republic of South Africa	**4 970 796**	4 472 594
Kingdom of Eswatini	**138 546**	120 723
	5 109 342	4 593 317

INFORMATION REGARDING MAJOR CUSTOMERS

Two customers (2017: two) individually contributed 10% or more of the Group's revenues arising from both regional and international sources.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

1. GENERAL INFORMATION

Rhodes Food Group Holdings Limited is a company domiciled in the Republic of South Africa. These consolidated annual financial statements ("financial statements") as at and for the financial year ended 30 September 2018 comprise the company and its subsidiaries. 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, dairy products, juice and juice products, fruit purees and concentrates and long life meals including jams, fruits, salads, vegetables, meat and dry packed foods. There were no major changes in the nature of the business of the Group.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group adopted the following new and revised International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2017 that are relevant to the Group.

2.1 AMENDMENTS TO IAS 7 – STATEMENT OF CASH FLOWS

The amendments provide for disclosure that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flow and non-cash changes. This amendment did not have an impact on the Group's financial statements.

The Group did not adopt the following standards, IFRS 9, 15 and 16 which have been issued but are not yet effective. Management's assessment of the impact of these standards is summarised below:

2.2 IFRS 9 – FINANCIAL INSTRUMENTS

Management assessed the financial assets and liabilities recognised by the Group with reference to the classification requirements per IFRS 9. Based on their assessment there will be no impact on the classification of financial assets and liabilities on transition date.

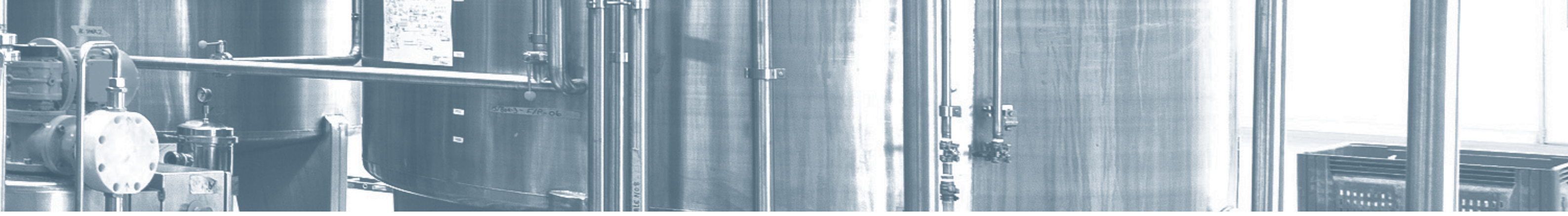
Management further assessed the impact of IFRS 9 on the measurement of the financial assets and liabilities. No impact is expected on the financial assets and liabilities, other than a limited impact on the allowance for doubtful debts which is based on forward looking expected credit losses under IFRS 9 compared to the incurred loss model under IAS 39.

2.3 IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Management assessed the Group's existing contracts with customers in order to establish the impact of IFRS 15. The Group's contracts with customers do not contain multiple performance obligations which are required to be met. The Group's revenue recognition policies are not complex and relate to the delivery of goods to customers as a single performance obligation. Based on the group's assessment there will be no impact on the recognition of revenue on transition date.

2.4 IFRS 16 – LEASES

Management assessed the Group's current operating leases to understand the potential impact of IFRS 16, which requires that operating leases be recognised on the statement of financial position through a right-of-use asset and corresponding lease liability. If the Group adopted IFRS 16 in the 2018 financial year it would have resulted in the recognition of right-of-use assets of between R90 million and R110 million and corresponding lease liabilities of between R110 million and R130 million as at 30 September 2018. Operating profit would have increased by between R7 million and R9 million, due to the replacement of the operating lease expense with depreciation on the right-of-use assets. The interest expense would have increased by between R11 million and R13 million in relation to the lease liability. This would have partially been offset by a deferred taxation gain of approximately R1 million.



3. ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS, containing the information required by the Companies Act as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

3.2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for certain financial instruments and biological assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 BASIS OF CONSOLIDATION

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

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

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

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

3.4 REVENUE

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

Revenue represents the following:

3.4.1 ***Sale of goods***

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

3. ACCOUNTING POLICIES CONTINUED

3.5 INTEREST PAID

Interest paid includes interest on loans and bank accounts, which is expensed as incurred.

3.6 FOREIGN CURRENCIES

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

In order to hedge its exposure to foreign exchange risks, the Group enters into forward exchange contracts.

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

3.7 TAXATION

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

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

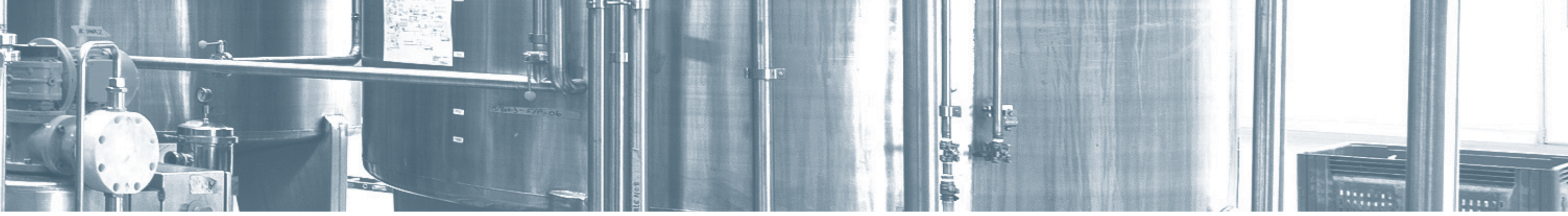
Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally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

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

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

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

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



3.8 PROPERTY, PLANT AND EQUIPMENT

3.8.1 Capital work in progress

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

3.8.2 Other property, plant and equipment

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

Buildings, improvements and leasehold improvements	Range from 5 to 50 years
Plant and machinery	Range from 2 to 40 years
Motor vehicles	Range from 4 to 15 years
Office equipment	Range from 3 to 10 years
Furniture and fittings	Range from 3 to 10 years
Bearer plants	Range from 3 to 5 years

Land is not depreciated.

The gain or loss on the disposal, retirement or impairment of an item of property, plant and equipment is recognised in the statement of profit or loss and other comprehensive income.

3.9 BIOLOGICAL ASSETS

Biological assets comprise livestock (herd of cows) and pineapple crops which are measured at fair value less estimated point of sale costs.

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

The fair value of pineapple crops is determined based on market prices less delivery costs.

3.10 INTANGIBLE ASSETS

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

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

3.11 GOODWILL

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

3. ACCOUNTING POLICIES CONTINUED

3.12 IMPAIRMENT

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

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its fair value in use.

3.13 INVENTORY

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

- Raw materials are valued at cost on a first-in, first-out basis.
- Finished goods and work in progress are valued at average actual cost of production.
- Obsolete and slow moving inventories are identified and written down based on their estimated economic and realisable value.

3.14 CASH AND CASH EQUIVALENTS

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

3.15 RETIREMENT FUNDING

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

Employee benefits

The retirement pay obligation is calculated at least tri-annually by independent actuaries using the projected unit credit method. Under this method, the present value of retirement benefits that have accrued in respect of past service is calculated, allowing for estimated future salary increases, future retrenchments, withdrawals and mortalities. Actuarial gains and losses which arise are recognised through Other Comprehensive Income ("OCI").

3.16 FINANCIAL INSTRUMENTS

3.16.1 ***Financial assets***

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

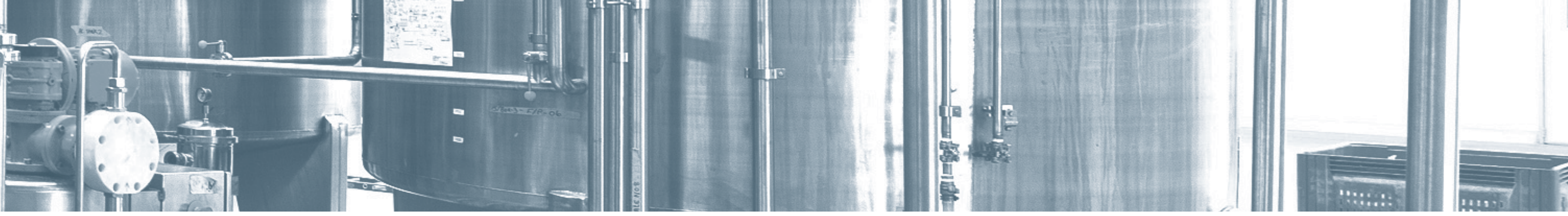
Financial assets consist of loans and receivables.

Effective interest method

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

Loans and receivables

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



Impairment of financial assets

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

For all financial assets evidence of impairment could include:

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

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

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

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

Derecognition of financial assets

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

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

3.16.2 ***Financial liabilities and equity instruments***

Classification as debt or equity

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

Equity instruments

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

Treasury shares

When shares recognised as equity are purchased by Group companies in their holding company, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained income.

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

3. ACCOUNTING POLICIES CONTINUED

3.17 LEASES

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

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

3.18 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to the grant and the grant will be received. Government grants relating to assets are presented in the statement of financial position by deducting the grant arriving at the cost of the relevant assets.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate, therefore the grants are recognised over the useful lives of the related assets.

3.19 SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The Group revises its estimate of the number of equity instruments expected to vest at the end of each financial year. The impact of the revision of the original estimates is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

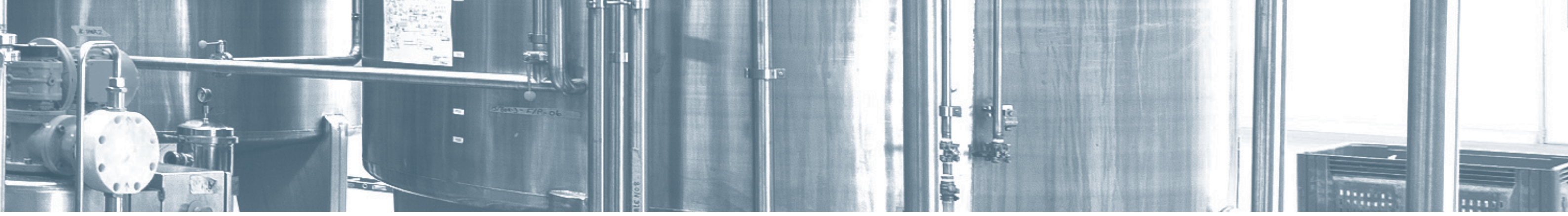
3.20 INVESTMENT IN ASSOCIATE

An associate is an entity over which the Group has significant influence through participation in the financial and operating policy decisions. The entity is neither a subsidiary nor a joint arrangement.

The associate is accounted for using the equity method of accounting. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested separately for impairment.

The statement of profit or loss and other comprehensive income reflects the company's share of the associate's profit (recognised in "other income") or loss (recognised in "operating costs"). Where an associate recognises an entry directly in other comprehensive income, the company in turn recognises its share in other comprehensive income.

After application of the equity method, the investment is assessed for indicators of impairment. If applicable, the impairment is calculated as the difference between the carrying value and the higher of its value in use or fair value less cost of disposal. Impairment losses are recognised in profit or loss in the statement of profit and loss and other comprehensive income.



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

SIGNIFICANT JUDGEMENTS INCLUDE:

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

OTHER JUDGEMENTS:

Valuation of biological assets
Pineapple crops
Pineapple crops are measured at their fair value less estimated point-of-sale costs to sell and cost of harvesting. The fair value of pineapple crops is determined based on current market prices. Changes in fair value are recognised in profit or loss.

The inputs consist of estimated tonnes delivered nine months subsequent to year-end based on the period from flowering of the bearer plant to the harvesting of the fruit. Point of sale costs include all costs that would be necessary to sell the assets, including all costs necessary to get the asset to its saleable state and to get it to the market.

SOURCES OF ESTIMATION UNCERTAINTY INCLUDE:

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

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

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

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

The Group has classified its Rhodes, Bull Brand, Pakco, Bisto, Hinds and Ma Baker trademarks as having indefinite useful lives. Trademarks acquired through acquisitions during the current and previous years have been established to have an estimated useful life of 10 years. Factors considered in determining whether the intangible asset has an indefinite or definite useful life, as well as the period include, (i) the history of the trademarks; (ii) current market share; (iii) development strategy; and (iv) expected future benefits to be derived from the assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

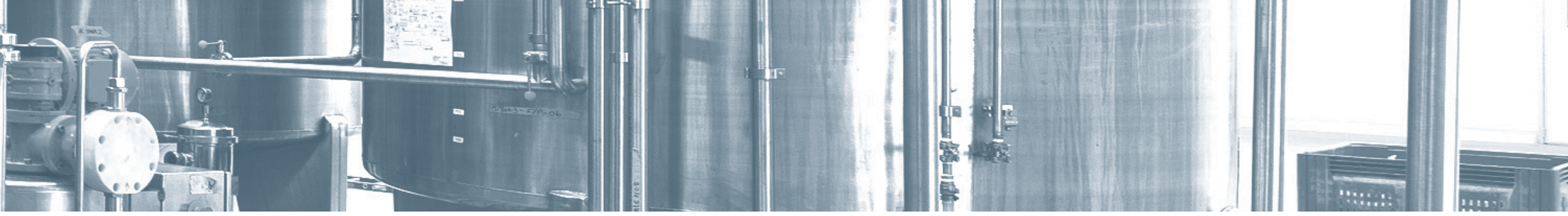
for the year ended 30 September 2018

5. PROPERTY, PLANT AND EQUIPMENT

2018	Opening balance R'000	Loss of control of subsidiary R'000	Additions R'000	Government grant received R'000	Disposals R'000	Impairment R'000	Transfers R'000	Closing balance R'000
COST								
Land	**73 339**	**–**	**–**	**–**	**–**	**–**	**1 151**	**74 490**
Buildings and leasehold improvements	**482 997**	**–**	**–**	**–**	**(10 035)**	**(1 861)**	**148 148**	**619 249**
Plant and machinery	**809 504**	**(1 609)**	**–**	**(2 870)**	**(28 793)**	**–**	**420 146**	**1 196 378**
Motor vehicles	**23 512**	**(243)**	**–**	**–**	**(9 132)**	**–**	**7 084**	**21 221**
Office equipment	**59 605**	**(107)**	**–**	**–**	**(172)**	**–**	**4 435**	**63 761**
Furniture and fittings	**3 184**	**–**	**–**	**–**	**(37)**	**–**	**181**	**3 328**
Bearer plants	**25 624**	**–**	**–**	**–**	**(4 500)**	**–**	**18 647**	**39 771**
Capital work-in-progress	**287 530**	**–**	**479 557**	**–**	**–**	**–**	**(599 792)**	**167 295**
	1 765 295	**(1 959)**	**479 557**	**(2 870)**	**(52 669)**	**(1 861)**	**–**	**2 185 493**

	Opening balance R'000	Loss of control of subsidiary R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Transfers R'000	Closing balance R'000
ACCUMULATED DEPRECIATION							
Buildings and leasehold improvements	**73 203**	**–**	**23 681**	**(108)**	**(15)**	**–**	**96 761**
Plant and machinery	**190 283**	**(1 152)**	**88 265**	**(21 583)**	**(119)**	**–**	**255 694**
Motor vehicles	**5 112**	**(180)**	**2 079**	**(5 383)**	**–**	**–**	**1 628**
Office equipment	**26 021**	**–**	**12 959**	**(72)**	**–**	**–**	**38 908**
Furniture and fittings	**788**	**(66)**	**665**	**(38)**	**–**	**–**	**1 349**
Bearer plants	**9 395**	**–**	**9 645**	**(4 501)**	**–**	**–**	**14 539**
	304 802	**(1 398)**	**137 294**	**(31 685)**	**(134)**	**–**	**408 879**
Net book value	**1 460 493**						**1 776 614**

2017	Opening balance R'000	Acquisition of businesses R'000	Additions R'000	Government grant received R'000	Disposals R'000	Impairment R'000	Transfers R'000	Closing balance R'000
COST								
Land	62 204	11 128	–	–	–	–	7	73 339
Buildings and leasehold improvements	392 976	47 982	–	–	–	(531)	42 570	482 997
Plant and machinery	590 833	33 313	–	(2 742)	(10 490)	(2 678)	201 268	809 504
Motor vehicles	13 264	10 687	–	–	(1 033)	(356)	950	23 512
Office equipment	41 624	705	–	(690)	(3 552)	(307)	21 825	59 605
Furniture and fittings	2 608	607	–	–	(225)	–	194	3 184
Bearer plants	16 009	–	–	–	(2 488)	–	12 103	25 624
Capital work-in-progress	78 279	1 222	486 946	–	–	–	(278 917)	287 530
	1 197 797	105 644	486 946	(3 432)	(17 788)	(3 872)	–	1 765 295



	Opening balance R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Transfers R'000	Closing balance R'000
ACCUMULATED DEPRECIATION						
Buildings and leasehold improvements	52 756	20 476	–	(29)	–	73 203
Plant and machinery	130 410	69 450	(9 218)	(359)	–	190 283
Motor vehicles	3 482	2 441	(727)	(84)	–	5 112
Office equipment	20 140	9 500	(3 540)	(79)	–	26 021
Furniture and fittings	358	622	(192)	–	–	788
Bearer plants	3 825	8 059	(2 489)	–	–	9 395
	210 971	110 548	(16 166)	(551)	–	304 802
Net book value	986 826					1 460 493

The Group leases certain of its plant and equipment under finance leases. For additional disclosure regarding the terms of the leases, refer to note 16.

Property, plant and equipment are encumbered as follows:

Rhodes Food Group Proprietary Limited
A first covering mortgage bond for R81.4 million, registered in favour of Nedbank Limited, over:
- Erf 2, Aeroton, 149 Samuels Road, Johannesburg, Gauteng.

A first covering mortgage bond for R294.2 million, registered in favour of Nedbank Limited, over:
- Portion 1 of Farm 1631, Paarl, Western Cape
- Portion 4 of Farm 1631, Paarl, Western Cape
- Portion 1 of Farm 1632, Paarl, Western Cape
- Portion 37 of Farm Straatkerk 190, Tulbagh, Western Cape
- Portion 40 of Farm Straatkerk 190, Tulbagh, Western Cape
- Remaining extent of Farm Bellevue 191, Tulbagh, Western Cape
- Portion 1 of Farm Bellevue 191, Tulbagh, Western Cape
- Remaining extent of portion 1 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Remaining extent of portion 5 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Portion 1 of the Farm 378, Tulbagh, Western Cape
- Remaining extent of the Farm 378, Tulbagh, Western Cape.

A first covering mortgage bond for R70 million, registered in favour of Nedbank Limited, over:
- Portion 226 of the Farm Luipaardsvlei No. 246, Krugersdorp, Gauteng.

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

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

Swaziland Fruit Canners Proprietary Limited
In favour of Nedbank (Swaziland) Limited:
- First, second and third mortgage bonds for R15 million, R11 million and R25 million respectively over certain of the company's land
- A first mortgage bond of R1.5 million over portion 4 of farm 670 and portion 2 of farm 45
- A deed of hypothecation for R35 million over stocks, accounts receivable, plant and equipment and moveable assets
- A negative deed of pledge over moveable and immovable assets.

In favour of Standard Bank (Swaziland) Limited:
- A first mortgage bond of R16 million over portion A of farm number 286 under the deed of transfer number 108 of 1970.

Pacmar Properties Proprietary Limited
A first covering mortgage bond for R44 million, registered in favour of Nedbank Limited, over:
- Erf 15503, Wellington.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

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

	2018 R'000	2017 R'000
Nedbank Limited	**1 487 607**	1 162 344
First National Bank Limited	**214**	518
Nedbank (Swaziland) Limited	**1 783**	2 266
Other third parties	**35 000**	36 000

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

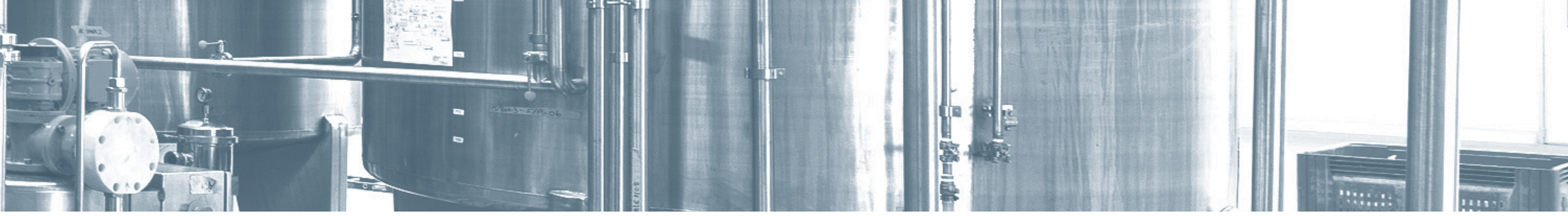
6. INTANGIBLE ASSETS

2018 COST	Opening balance R'000	Acquisition of subsidiaries R'000	Closing balance R'000
Indefinite useful life intangible assets			
Trademarks	**122 147**	**–**	**122 147**
Export quota	**100**	**–**	**100**
Definite useful life intangible assets			
Trademarks	**10 604**	**–**	**10 604**
Customer lists	**85 307**	**–**	**85 307**
	218 158	**–**	**218 158**

2018 ACCUMULATED AMORTISATION	Opening balance R'000	Amortisation R'000	Closing balance R'000
Trademarks	**1 754**	**1 060**	**2 814**
Customer lists	**9 122**	**8 531**	**17 653**
	10 876	**9 591**	**20 467**
Net book value	**207 282**		**197 691**

2017	Opening balance R'000	Acquisition of subsidiaries R'000	Closing balance R'000
Indefinite useful life intangible assets			
Trademarks	50 951	71 196	122 147
Export quota	100	–	100
Definite useful life intangible assets			
Trademarks	6 563	4 041	10 604
Customer lists	28 310	56 997	85 307
	85 924	132 234	218 158

2017 ACCUMULATED AMORTISATION	Opening balance R'000	Amortisation R'000	Closing balance R'000
Trademarks	896	858	1 754
Customer lists	3 441	5 681	9 122
	4 337	6 539	10 876
Net book value	81 587		207 282



The cash-generating units (CGUs) to which indefinite useful life intangible assets have been allocated are as follows:

	2018 R'000	2017 R'000
Dry Foods	**30 446**	30 446
Pies and Pastries	**40 750**	40 750
Fruit Products	**31 051**	31 051
Meat Products	**20 000**	20 000
	122 247	122 247

Refer to note 7 for the assessment of impairment and key assumptions used to test whether there are any indications of impairment of the intangibles assets classified on acquisition as indefinite life. No impairment was recognised in the current year (2017: Rnil).

7. GOODWILL

2018	Opening balance R'000	Loss of control of subsidiary R'000	Closing balance R'000
Cost	**457 183**	**(12 326)**	**444 857**

2017	Opening balance R'000	Acquisition of subsidiaries R'000	Closing balance R'000
Cost	287 607	169 576	457 183

The cash-generating units (CGUs) to which goodwill has been allocated are as follows:

	2018 R'000	2017 R'000
Dry Foods	**96 494**	96 494
Pies and Pastries	**97 257**	109 583
Fruit Products	**23 335**	23 335
Ready Meals	**87 181**	87 181
Dairy Products	**10 265**	10 265
Juice Products and Pulps and Purees	**130 325**	130 325
	444 857	457 183

On acquisition of a business that qualifies as a business combination in terms of IFRS 3, the Group allocates the purchase price paid to the assets acquired, including identifiable intangible assets, and the liabilities assumed. The goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit that is expected to benefit from that business. In the current year management reassessed the goodwill allocation to the respective CGUs and split it to a lower level to reflect the manufacturing and commercial value generated from the CGU.

Impairment assessment

Goodwill is assessed for impairment annually, irrespective of whether there is any indication of impairment.

The impairment assessment compares the carrying amount of the CGU, including goodwill, to the value-in-use, or fair value of the CGU. The recoverable amount of the CGU is determined from the value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding discount rates, growth rates and expected changes to selling prices and the direct costs during the period. Discount rates are based on a weighted average pre-tax cost of capital, while growth rates are based on management's experience and expectations. Terminal growth rates used do not exceed the long-term average growth rate for the area in which the CGU operates. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market, and are derived from the most recent financial budgets and forecasts that have been prepared by management.

The value in use of the CGU is compared to the carrying amount of the CGU, including goodwill allocated. Where the carrying value of the CGU exceeds the value-in-use an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

No impairment was recognised in the current year (2017: Rnil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

7. GOODWILL CONTINUED

Key assumptions:

Pre-tax discount rate	12.89%
Growth rate year 1 – 5	5.10%
Terminal growth rate subsequent to year 5	1.00%

8. INVESTMENT IN ASSOCIATE

The Group entered into a sale of shares agreement in October 2017 to dispose of 50.83% of its shareholding in MaBaker Xpress Proprietary Limited to a third party, for a consideration of R6.100 million. On the date of disposal the Group ceased to control the previously wholly owned subsidiary and has a remaining shareholding of 49.17%. The group incurred a loss on the loss of control of the subsidiary of R1.216 millon which is included in 'operating costs' in the statement of profit or loss and other comprehensive income. The Group retains significant influence over the entity and accordingly the entity is accounted for as an associate subsequent to the disposal of the majority shareholding.

During the year ended 30 September 2018 the loss from the investment in the associate recognised in "operating costs" was R0.565 million.

The associate is not material to the Group.

9. BIOLOGICAL ASSETS

	2018 R'000	2017 R'000
Livestock	**12 047**	10 664
Pineapple crops	**13 622**	10 553
Total biological assets	**25 669**	21 217
Less: Current portion	**(13 622)**	(10 553)
Total long-term biological assets	**12 047**	10 664
Reconciliation of changes in carrying value of biological assets		
Carrying value at the beginning of the year	**21 217**	24 739
Value of crops harvested	**(8 164)**	(8 644)
Gain arising from change in fair value attributable to physical and price changes	**12 616**	5 122
Carrying value at the end of the year	**25 669**	21 217

A general notarial bond is registered over biological assets of Rhodes Food Group Proprietary Limited, as disclosed in note 5.

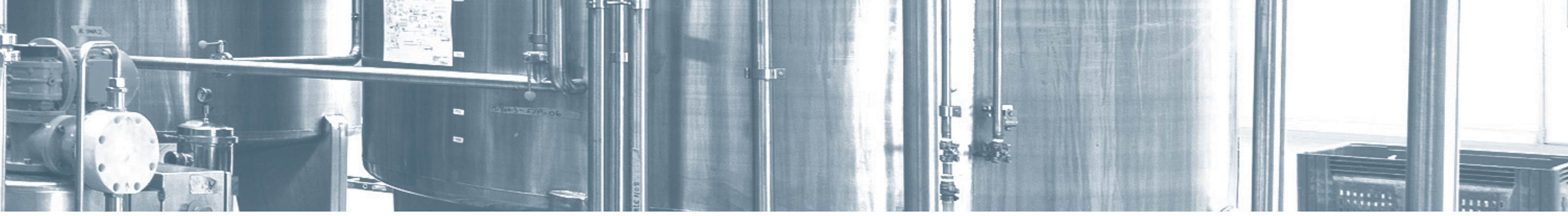
Livestock
Method of valuation
The value of the livestock is calculated based on the classification, quantum of the herd and the herd prices. The herd prices are obtained from an independent industry expert.

Nature of activities
The Group produces dairy products.

Financial risk management strategies
The Group is exposed to the following risks relating to its agricultural activities:

Regulatory and environmental risks
The Group is subject to the laws and regulations applicable to agricultural activities in South Africa. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Climate and other risks
Other risks include theft and diseases. Controls in place are property security, identification marks on all livestock, vaccinating and dipping of livestock and sustainable management practices.



Measurement of fair value
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.

The estimated fair values would increase/(decrease) if:
- More/(less) livestock were classified as breeders;
- Livestock prices increased/(decreased); or
- Weight and quantity premiums increased/(decreased).

Pineapple crops
Method of valuation
Pineapple crops are measured at fair value less estimated point of sale costs.

Nature of activities
The Group owns and manages 602 (2017: 602) hectares of pineapple crops. The Group manages a further 1 641 (2017: 891) hectares of pineapple crops on leasehold land. The Group is engaged in the planting, management and harvesting of pineapples, which are supplied to the Group's cannery operation which converts fruit to canned products and juice concentrates. A minor quantity of fruit is sold as fresh produce. Fields are managed on a sustainable basis, which comprise a 42-month crop rotation cycle.

Financial risk management strategies
The Group is exposed to the following risks relating to its agricultural activities:

Regulatory and environmental risks
The Group is subject to the applicable laws and regulations in the Kingdom of Eswatini. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Climate and other risks
The Group's pineapple crops are exposed to the risk of damage from climatic changes, diseases, and other natural forces. The Group follows prudent industry accepted care practices with respect to the use of fertilisers, insecticides and herbicides to control diseases and insect infestation. The Group does not insure pineapple crops.

Measurement of fair value
The fair value of the pineapple crops 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 and cost of harvesting. The unobservable inputs consist of estimated 12 696 tonnes delivered nine months subsequent to year-end (2017: 11 567) based on the period from flowering of the bearer plant to the harvesting of the fruit and estimated price of R1 646 per ton delivered (2017: R1 591) of pineapples harvested.

The estimated fair values would increase/(decrease) if:
- Pineapple volumes increased/(decreased);
- Pineapple prices increased/(decreased); or
- Costs of harvesting (increased)/decreased.

The following table shows a reconciliation between the opening balance and closing balance for level 3 valuations:

	2018 R'000	2017 R'000
Carrying value at the beginning of the year	**21 217**	24 739
Value of crops harvested	**(8 164)**	(8 644)
Change in fair value	**12 616**	5 122
Fair value	**25 669**	21 217

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

	2018 R'000	2017 R'000
10. LOANS RECEIVABLE		
Non-current assets		
Mphetseni Co-operative Society	**270**	303
Alladin Foods Proprietary Limited	**2 778**	–
MBX Pies Proprietary Limited	**6 146**	–
Constitution Road Wine Growers Proprietary Limited	**3 026**	3 307
Other loans	**–**	2 830
	12 220	6 440
Less: Current portion	**(4 210)**	(6 170)
Long-term loans	**8 010**	270

The loan to Mphetseni Co-operative Society is unsecured and repayable by the monthly lease instalments due to the society. Interest is charged at an average rate of 6% per annum.

The loans to Alladin Foods Proprietary Limited and MBX Pies Proprietary Limited are unsecured, bear interest at 0% and prime less 3.5% respectively. These loans are repayable in equal monthly instalments until December 2023 and December 2027 respectively.

The loan to Constitution Road Wine Growers Proprietary Limited is unsecured, bears no interest and is repayable from future fruit harvest purchases from the relevant orchards and rent paid for a warehouse to the abovementioned entity.

Other loans were unsecured, bore no interest and were repayable on demand.

11. FINANCIAL INSTRUMENT AT FAIR VALUE HELD THROUGH PROFIT OR LOSS

11.1 FOREIGN EXCHANGE CONTRACTS

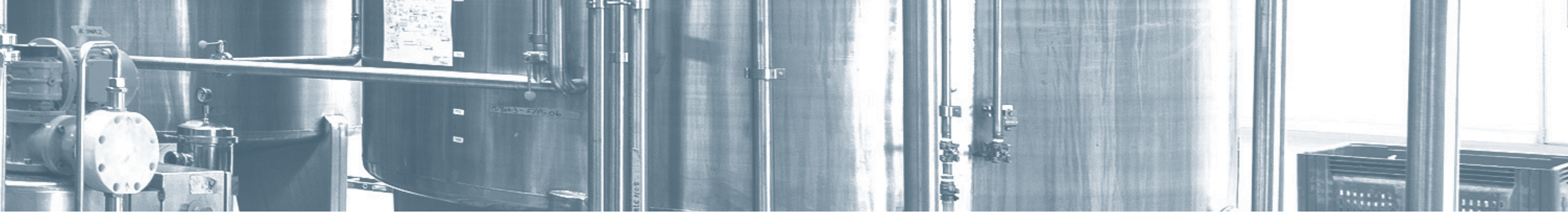
The Group enters into forward exchange contracts ("FEC") to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies.
The Group does not use forward exchange contracts for speculative purposes.

At the reporting date, the Group had entered into the following forward exchange contracts.

2018	Foreign amount '000	Rand value R'000	Contract fair value R'000	Contract gain/ (loss) R'000
FEC in respect of anticipated receipts from customers				
AUD	**4 320**	**44 726**	**44 830**	**(104)**
CAD	**2 006**	**21 866**	**22 249**	**(383)**
USD	**11 265**	**162 379**	**161 667**	**712**
GBP	**2 830**	**53 830**	**53 312**	**518**
EUR	**895**	**14 940**	**15 050**	**(110)**
		297 741	**297 108**	**633**
2017				
FEC in respect of anticipated receipts from customers				
AUD	5 380	55 704	57 780	(2 076)
CAD	541	5 579	5 924	(345)
USD	8 825	118 568	120 898	(2 330)
GBP	1 725	30 526	31 816	(1 290)
EUR	1 030	16 253	16 999	(746)
		226 630	233 417	(6 787)

11.2 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



	2018 R'000	2017 R'000
12. INVENTORY		
Finished goods	**810 513**	840 301
Work-in-progress	**9 522**	17 028
Raw materials	**409 188**	289 671
	1 229 223	1 147 000
Provision for obsolete inventory	**(1 475)**	(2 920)
	1 227 748	1 144 080

The value of the inventory disclosed at net realisable value is R69.405 million (2017: R74.879 million). Refer to the cost of goods sold per the statement of profit or loss and other comprehensive income where the expense relating to inventories is recognised.

13. ACCOUNTS RECEIVABLE

	2018 R'000	2017 R'000
Trade receivables	**779 433**	743 506
Less: Allowance for doubtful debt	**(1 833)**	(2 874)
Net trade receivables	**777 600**	740 632
Sundry receivables	**8 694**	3 887
Prepayments	**7 026**	12 322
Deposits	**4 942**	4 115
Other receivables	**2 996**	2 004
VAT receivable	**8 958**	4 719
	810 216	767 679

Refer to note 5 for details of encumbrances.

Trade receivables

The average credit period on sale of goods is 54 days (2017: 58 days) for the Group. No interest is charged on trade receivables with amounts outstanding longer than the credit period.

Of the trade receivables balance at year end R105.307 million (2017: R228.845 million) is outstanding from one (2017: two) customer who represents more than 10% of the total balance of the Group's trade receivables.

	2018 R'000	2017 R'000
Customer A	**–**	83 295
Customer B	**105 307**	145 550
	105 307	228 845

Before extending credit to any new customers, the Group assesses the potential customer's creditworthiness based on information obtained from credit bureaus and sets credit limits accordingly. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the directors believe that an allowance for doubtful debt of R1.833 million (2017: R2.874 million) is adequate for the Group. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

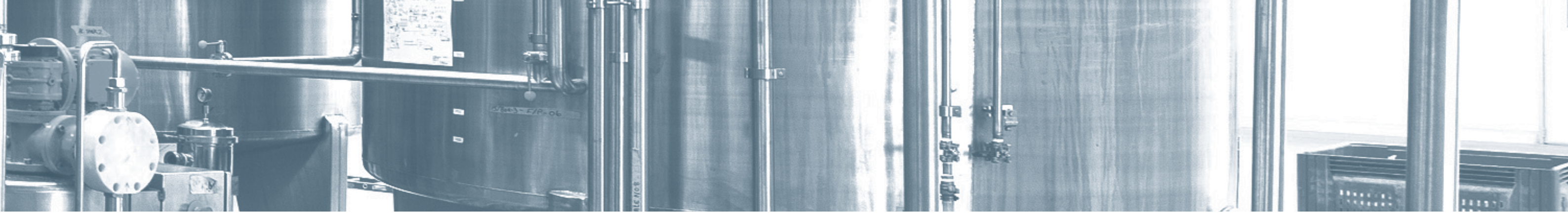
13. ACCOUNTS RECEIVABLE CONTINUED

	2018 R'000	2017 R'000
Movement in allowance for doubtful debts		
Balance at the beginning of the year	**(2 874)**	–
Doubtful debt allowance raised	**1 842**	(2 874)
Doubtful debt allowance reversed	**(801)**	–
Balance at the end of the year	**(1 833)**	(2 874)
Ageing of past due not impaired trade receivables		
90 – 120 days	**36**	–
120 days and over	**1 797**	2 874
Closing balance	**1 833**	2 874

Included in the Group's trade receivables balance are debtors which exceed the allowable credit terms. No allowance has been raised because there was no change in credit quality and the amounts are still considered recoverable.

	2018 R'000	2017 R'000
Ageing of past due but not impaired trade receivables		
60 – 90 days	**37 179**	43 272
90 – 120 days	**9 206**	4 238
More than 120 days	**12 751**	4 196
	59 136	51 706

	2018 R'000	2017 R'000
14. SHARE CAPITAL		
Authorised		
1 800 000 000 ordinary shares		
9 000 000 "A" redeemable convertible preference shares		
9 000 000 "B" redeemable convertible preference shares		
Issued		
253 762 018 ordinary shares	**1 558 945**	1 558 945
1 125 000 treasury shares held by subsidiary	**(937)**	(937)
9 000 000 "A" redeemable convertible preference shares	**7 500**	7 500
9 000 000 "B" redeemable convertible preference shares	**1**	1
	1 565 509	1 565 509
Reconciliation of ordinary and treasury shares in issue:		
Ordinary and treasury shares at the beginning of year	**1 558 008**	712 704
Shares issued on 29 November 2016 at R26.50 per share	**–**	648 304
Shares issued on 22 March 2017 at R25.38 per share	**–**	197 000
Ordinary and treasury shares at the end of year	**1 558 008**	1 558 008



	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Public and non-public shareholding				
Ordinary shares				
Shareholders spread				
Public shareholders	4 177	99.8	144 881 464	57.1
Non-public shareholders	9	0.2	108 880 554	42.9
Directors of company	5	0.1	19 329 712	7.6
Strategic holdings				
Capitalworks Private Equity GP Proprietary Limited[1, 2]	1	–	56 257 176	22.2
South African Investment GP Trust[3]	2	–	32 168 666	12.7
Treasury shares	1	–	1 125 000	0.4
	4 186	100.0	253 762 018	100.0

	2018 Number of shares	2018 Percentage of total shares	2017 Number of shares	2017 Percentage of total shares
Public and non-public shareholding				
Ordinary shares				
Major shareholders holding 5% or more				
Non-public shareholders				
Capitalworks Private Equity GP Proprietary Limited[1,2]	56 257 176	22.2	56 257 176	22.2
South African Investment GP Trust[4]	23 776 726	9.4	23 776 726	9.4
Bruce Henderson Trust	16 200 000	6.4	16 200 000	6.4
South African Investment GP Trust[5]	8 391 940	3.3	8 391 940	3.3
Public shareholders				
Government Employees Pension Fund	31 182 562	12.3	31 711 657	12.5
Old Mutual	21 803 649	8.6	19 684 948	7.8
PSG Konsult	15 527 509	6.1		
Other	80 622 456	31.8	97 739 571	38.5
	253 762 018	100.0	253 762 018	100.0

The shareholder split is derived from third-party information obtained.

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

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

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

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

5 *South African Investment GP Trust, in its capacity as general partner of South African Investment Partnership.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

14. SHARE CAPITAL CONTINUED

	Number of shareholdings	Percentage	Number of shares	Percentage
Shareholder spread				
1 – 1 000 shares	**2 129**	**50.9**	**700 893**	**0.3**
1 001 – 10 000 shares	**1 539**	**36.8**	**5 673 237**	**2.2**
10 001 – 100 000 shares	**384**	**9.2**	**11 467 585**	**4.5**
100 001 – 1 000 000 shares	**102**	**2.4**	**29 755 924**	**11.7**
1 000 001 shares and over	**32**	**0.8**	**206 164 379**	**81.2**
	4 186	**100.0**	**253 762 018**	**100.0**
Distribution of shareholders				
Banks/brokers	**42**	**1.0**	**14 584 536**	**5.7**
Close corporations	**36**	**0.9**	**154 327**	**0.1**
Endowment funds	**31**	**0.7**	**545 073**	**0.2**
Individuals	**3 313**	**79.1**	**12 757 527**	**5.0**
Insurance companies	**49**	**1.2**	**10 541 661**	**4.2**
Investment companies	**3**	**0.1**	**4 017 563**	**1.6**
Medical schemes	**7**	**0.2**	**787 559**	**0.3**
Mutual funds	**92**	**2.2**	**45 672 699**	**18.0**
Other corporations	**15**	**0.4**	**59 802**	**–**
Private companies	**109**	**2.6**	**1 696 965**	**0.7**
Private equity	**3**	**0.1**	**88 425 842**	**34.8**
Public company	**1**	**–**	**18 500**	**–**
Retirement funds	**106**	**2.5**	**41 963 080**	**16.5**
Treasury stock	**1**	**–**	**1 125 000**	**0.4**
Trusts	**378**	**9.0**	**31 411 884**	**12.4**
Total	**4 186**	**100.0**	**253 762 018**	**100.0**

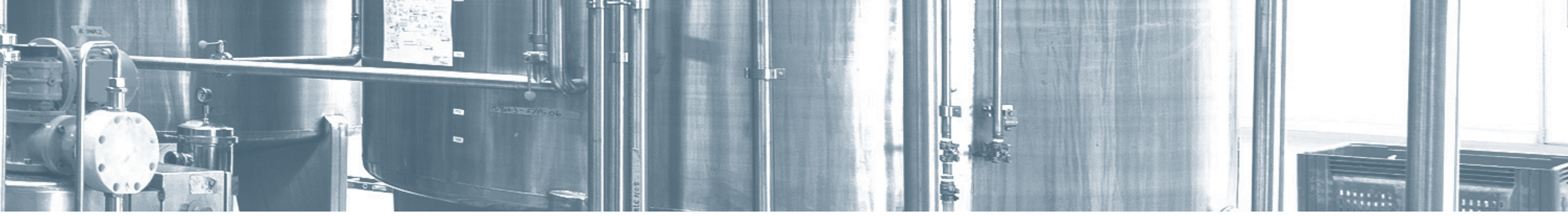
The shareholders split is derived from third-party information obtained.

	2018 Number of shares	2018 percentage of total shares	2017 Number of shares	2017 percentage of total shares
Non-public shareholding				
"A" redeemable convertible preference shares				
Major shareholders				
Capitalworks Rhodes Food Investment Partnership	**5 725 800**	**63.6**	5 725 800	63.6
South African Investment Partnership	**855 000**	**9.5**	855 000	9.5
South African Investment Partnership II	**2 419 200**	**26.9**	2 419 200	26.9
	9 000 000	**100.0**	9 000 000	100.0
Non-public shareholding				
"B" redeemable convertible preference shares				
Major shareholders				
Costaras Family Trust	**1 999 800**	**22.2**	1 999 800	22.2
Jacian Trust	**1 999 800**	**22.2**	1 999 800	22.2
Lahanja Trust	**1 999 800**	**22.2**	1 999 800	22.2
RK Phillips Trust	**1 800 000**	**20.0**	1 800 000	20.0
Job Mpele	**1 200 600**	**13.3**	1 200 600	13.3
	9 000 000	**100.0**	9 000 000	100.0

The "A" class redeemable convertible preference shares in issue rank *pari passu* with the ordinary shares in regard to voting rights and distributions. The "B" class redeemable convertible preference shares do not have any voting rights or rights to distributions.

If certain pre-determined targets are achieved the "B" redeemable convertible preference shares will convert to ordinary shares and an equivalent number of "A" redeemable convertible preference shares will be redeemed at a value of R0.83 per share. To the extent the targets are not achieved the "B" redeemable convertible preference shares will be redeemed at a value of R1.00 per 18 000 shares and an equivalent number of "A" redeemable convertible preference shares will be converted to ordinary shares. The above mentioned shares will be converted or redeemed during December 2018.

The unissued shares are under the control of the directors until the forthcoming annual general meeting.



	2018 R'000	2017 R'000
15. EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE		
Equity-settled employee benefits granted	**17 723**	8 779

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.

Offers under the Plan are granted annually to executives and selected managers of the Group. Options are valued based on the Black-Scholes model and will vest over a three year period starting from the third and ending on the fifth anniversaries of the offers. Options can be exercised until its seventh anniversary. Options that have not been exercised in accordance with the rules of the scheme are forfeited upon termination of employment, other than on death, retrenchment or retirement. The offers consist of a weighted combination of the following types of equity-settled benefits:

- Allocations of Share Appreciation Rights (equity settled) of which the vesting is dependent on the Group achieving a compound annual growth in diluted headline earnings per share equal to or greater than CPI plus GDP growth plus a premium over the vesting period.
- Conditional awards of (full value) Performance Shares of which vesting depends on the performance relative to prescribed targets. Performance is measured in terms of a weighted combination of the target return on net assets and comparative total shareholder return.
- Grants of (full value) Restricted Shares of which annual allocations of are made to selected managers who, based on operational performance qualify for a bonus matching grant of restricted shares. The value of the restricted shares is a matching and deferral of a portion of the annual cash incentive bonus calculated for the selected managers.

The fair value of offers granted 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)
Volume weighted average price (VWAP) of shares are calculated over a 10 day period

	Number of share options 2018	VWAP Rand 2018	Number of share options 2017	VWAP Rand 2017
Reconciliation of the movement in share appreciation rights during the current financial year:				
Outstanding at the beginning of the year	**570 799**	**24.68**	281 431	22.67
Granted during the year	**439 621**	**18.69**	293 847	26.58
Forfeited during the year	**–**	**–**	–	–
Exercised 8 October 2017 (2017: 31 August 2017)	**(2 899)**	**(18.72)**	(4 479)	(23.20)
Outstanding at the end of the year	**1 007 521**	**22.08**	570 799	24.68
Reconciliation of the movement in performance share awards during the current financial year:				
Outstanding at the beginning of the year	**375 111**	**24.58**	191 471	22.67
Granted during the year	**281 876**	**18.69**	183 640	26.58
Outstanding at the end of the year	**656 987**	**22.05**	375 111	24.58
Reconciliation of the movement in restricted share grants during the current financial year:				
Outstanding at the beginning of the year	**240 716**	**25.24**	86 769	22.67
Granted during the year	**153 015**	**18.69**	158 671	26.58
Forfeited during the year	**–**	**–**	–	–
Exercised 8 October 2017 (2017: 31 August 2017)	**(3 551)**	**(18.72)**	(4 724)	(23.20)
Outstanding at the end of the year	**390 180**	**22.73**	240 716	25.24

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

15. EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE CONTINUED

	Number of share options 2018	Number of share options 2017
The exercise prices for the share appreciation rights outstanding at the end of the year is as follows:		
Exercisable until end December 2020		
Granted in December 2015 at R24.12	**93 097**	93 097
Exercisable until end December 2021		
Granted in December 2015 at R24.12	**93 810**	93 810
Granted in December 2016 at R26.58	**95 490**	96 456
Exercisable until end December 2022		
Granted in December 2015 at R24.12	**93 810**	93 810
Granted in December 2016 at R26.58	**95 490**	96 456
Granted in December 2017 at R18.69	**146 540**	–
Exercisable until end December 2023		
Granted in December 2016 at R26.58	**96 204**	97 170
Granted in December 2017 at R18.69	**146 540**	–
Exercisable until end December 2024		
Granted in December 2017 at R18.69	**146 540**	–
	1 007 521	570 799

The fair value of the share appreciation rights granted during the year was R4.16 (2017: R4.04) per right.

The fair value of the performance share awards granted during the year was R15.45 (2017: R15.48) per award.

The fair value of the restricted share grants granted during the year was R18.36 (2017: R12.57) per grant.

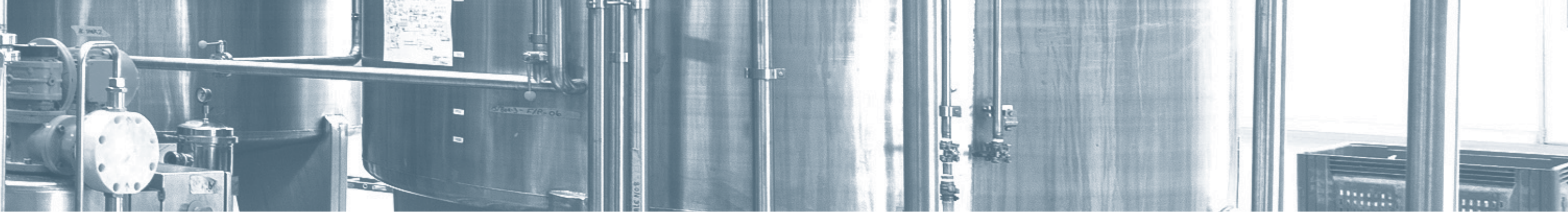
16. LONG-TERM LOANS

	2018 R'000	2017 R'000
16.1 SECURED LONG-TERM LOANS AT AMORTISED COST		
Mortgage and term loans	**1 211 817**	896 023
Liabilities capitalised under finance leases	**14 034**	23 215
Total long-term loans at amortised cost	**1 225 851**	919 238
Less: Current portion	**(250 918)**	(218 831)
Long-term loans	**974 933**	700 407

Refer to note 5 for details of encumbrances.

16.2 INTEREST RATE ANALYSIS

Variable linked long-term loans	Range
Mortgage and term loans	SA Prime less 1.75% to SA prime less 1.25% and Eswatini prime less 2.00% to Eswatini prime.
Liabilities capitalised under finance leases	SA Prime less 4.00% to SA prime plus 1.60% and Eswatini prime less 0.50% to Eswatini prime plus 1.00%.



16.3 FINANCE LEASES

The Group's finance leases comprise of obligations under instalment for sale agreements for certain of its manufacturing equipment. Refer to note 5 for the value of the assets leased under finance leases.

The future lease payments are as follows:

	Future minimum lease payments R'000	Interest R'000	Present value of minimum lease payments R'000
2018			
Within one year	**8 245**	**465**	**7 780**
Between one and five years	**6 320**	**66**	**6 254**
	14 565	**531**	**14 034**
2017			
Within one year	9 005	1 080	7 925
Between one and five years	15 932	642	15 290
	24 937	1 722	23 215

17. DEFERRED TAXATION

The major components of the deferred tax balances, together with movements during the year are as follows:

2018	Opening balance R'000	Loss of control of of subsidiary R'000	Charge (credit) to profit or loss for the year R'000	Closing balance R'000
Tax effect for the deferred taxation asset:				
Excess tax allowance over-depreciation charges for property, plant and equipment	**8 065**	**–**	**(8 069)**	**(4)**
Excess tax allowances over amortisation of intangible assets	**(1 686)**	**–**	**1 686**	**–**
Estimated tax losses	**(10 744)**	**–**	**10 680**	**(64)**
Provisions not allowable for tax purposes	**(4 929)**	**58**	**4 871**	**–**
Difference between tax and accounting treatment of:				
– Prepayments	**–**	**–**	**27**	**27**
	(9 294)	**58**	**9 195**	**(41)**
Tax effect for the deferred taxation liability:				
Excess tax allowance over depreciation charges for property, plant and equipment	**114 842**	**–**	**65 861**	**180 703**
Excess tax allowances over amortisation of intangible assets	**61 435**	**–**	**(4 281)**	**57 154**
Estimated tax losses	**(324)**	**–**	**(20 893)**	**(21 217)**
Deferred capital gains tax on adoption of IFRS deemed cost of land and buildings	**2 716**	**–**	**(403)**	**2 313**
Provisions not allowable for tax purposes	**(26 049)**	**–**	**1 627**	**(24 422)**
Income received in advance	**(248)**	**–**	**160**	**(88)**
Difference between tax and accounting treatment of:				
– Biological assets	**5 877**	**–**	**1 233**	**7 110**
– Prepayments	**1 879**	**–**	**(143)**	**1 736**
– Inventory	**2 253**	**–**	**2 077**	**4 330**
– Foreign exchange contracts	**(670)**	**–**	**704**	**34**
	161 711	**–**	**45 942**	**207 653**

In recognising the deferred taxation asset, the directors have assessed that sufficient future taxable profits are probable, based on budgeted performance, against which the estimated tax losses can be utilised.

17. DEFERRED TAXATION CONTINUED

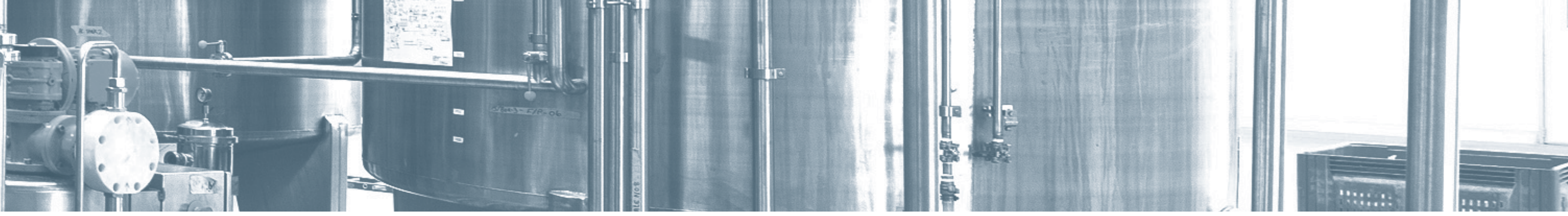
2017	Opening balance R'000	Acquisition of subsidiaries R'000	Charge (credit) to income for the year R'000	Closing balance R'000
Tax effect for the deferred taxation asset:				
Excess tax allowance over depreciation charges for property, plant and equipment	–	8 321	(256)	8 065
Excess tax allowances over amortisation of intangible assets	–	(1 616)	(70)	(1 686)
Estimated tax losses	–	(11 655)	911	(10 744)
Provisions not allowable for tax purposes	–	(8 602)	3 673	(4 929)
	–	(13 552)	4 258	(9 294)
Tax effect for the deferred taxation liability:				
Excess tax allowance over depreciation charges for property, plant and equipment	79 608	8 142	27 092	114 842
Excess tax allowances over amortisation of intangible assets	28 887	34 343	(1 795)	61 435
Estimated tax losses	(807)	(653)	1 136	(324)
Deferred capital gains tax on adoption of IFRS deemed cost of land and buildings	2 261	–	455	2 716
Provisions not allowable for tax purposes	(39 168)	(3)	13 122	(26 049)
Income received in advance	(178)	–	(70)	(248)
Difference between tax and accounting treatment of:				
– Biological assets	6 838	–	(961)	5 877
– Prepayments	1 431	–	448	1 879
– Inventory	3 897	–	(1 644)	2 253
– Foreign exchange contracts	2 316	–	(2 986)	(670)
	85 085	41 829	34 797	161 711

18. ACCOUNTS PAYABLE AND ACCRUALS

	2018 R'000	2017 R'000
18.1 ACCOUNTS PAYABLE AND ACCRUALS		
Trade payables	**529 700**	403 563
VAT payable	**8 353**	3 507
Accruals	**162 567**	127 520
	700 620	534 590

The average credit period on purchases is 43 days (2017: 41 days) for the Group. The Group does not pay interest on trade payables within the credit period granted.

The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.



18.2 EMPLOYEE BENEFITS ACCRUAL

The employee benefits accrual comprises the following amounts:

	2018 R'000	2017 R'000
Incentives	**27 850**	49 087
Leave pay	**26 797**	26 237
	54 647	75 324

	Opening balance R'000	(Loss of control) /acquisition of subsidiaries R'000	Raised R'000	Utilised R'000	Closing balance R'000
2018					
Employee benefits accrual	**75 324**	**(284)**	**29 518**	**(49 911)**	**54 647**
2017					
Employee benefits accrual	126 008	7 552	34 437	(92 673)	75 324

Executive directors and senior managers participate in an annual cash-based short-term incentive scheme. The scheme rewards the achievement of targets which are aligned to the Group's financial goals, including profitability, return on assets as well as non-financial targets. Executive directors participate in a cash-settled long-term incentive scheme which aims to align executive pay with the creation of long-term shareholder value.

18.3 EMPLOYEE BENEFIT LIABILITY

	2018 R'000	2017 R'000
Total employee benefit liability per statement of financial position:		
Swaziland Fruit Canners Proprietary Limited	**14 562**	13 813
Rhodes Food Group Proprietary Limited	**1 688**	1 952
	16 250	15 765

Swaziland Fruit Canners Proprietary Limited

All employees who terminate service by way of retirement, retrenchment or redundancy, are entitled to an allowance based on the number of years of service and remuneration at the time of termination.

An actuarial valuation of the liability was performed by Alexander Forbes Financial Services Proprietary Limited in September 2016.

The amount recognised in the statement of financial position is determined as follows:

	2018 R'000	2017 R'000
Liability recorded in the statement of financial position as part of "employee benefit liability"	**14 562**	13 813
Movement in liability		
Balance at the beginning of year	**13 813**	12 097
Raised during the year	**2 506**	2 131
Payments made during the year	**(1 757)**	(415)
Actuarial loss on defined benefit obligation	**–**	–
Balance at the end of year	**14 562**	13 813
The amounts recognised in profit or loss are as follows:		
Current service costs	**1 051**	997
Interest cost	**1 455**	1 134
	2 506	2 131
Actuarial losses	**–**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

18. ACCOUNTS PAYABLE AND ACCRUALS CONTINUED

18.3 EMPLOYEE BENEFIT LIABILITY continued

	2018 R'000	2017 R'000
The principal actuarial assumptions used are as follows:	%	%
Discount rate	**10.50**	8.80
Inflation rate	**5.40**	6.40
Salary increase rate	**7.40**	7.40

Sensitivity analysis on the principal actuarial assumptions as per the 2016 actuarial valuation is as follows:

A 1% decrease in the discount rate will impact the present value of the liabilities as follows:

	2018	% Change
Total liability	**13 222 000**	9.30

A 1% decrease in the inflation rate will impact the present value of the liabilities as follows:

	2018	% Change
Total liability	**11 114 000**	8.10

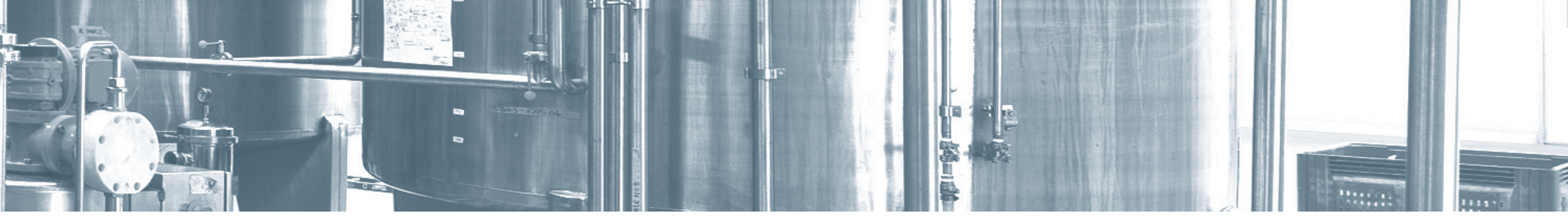
Rhodes Food Group Proprietary Limited

Rhodes Food Group Proprietary Limited is obliged to make contributions to the medical aid fund of Bull Brand retirees who retired before 1 August 2013.

An actuarial valuation was performed by Cadiant Partners Consultants & Actuaries in September 2017 and 2016 respectively.

The amount recognised in the statement of financial position is determined as follows:

	2018 R'000	2017 R'000
Liability recorded in the statement of financial position as part of "employee benefit liability"	**1 688**	1 952
Movement in liability		
Balance at the beginning of year	**1 952**	2 131
Raised during the year	**161**	176
Payments made during the year	**(325)**	(353)
Actuarial gain	**(100)**	(2)
Balance at the end of year	**1 688**	1 952
The amounts recognised in profit or loss are as follows:		
Interest cost	**161**	176
The amounts recognised in other comprehensive income are as follows:		
Actuarial gain	**100**	2
The principal actuarial assumptions used are as follows:	%	%
Discount rate	**9.25**	8.75
Mortality rate	PA (90) with two year adjustment	



A 1% decrease in the discount rate will impact the present value of the liabilities as follows:

	2018	% Change
Total liability	**1 768 000**	4.70%
Service and interest cost	**146 000**	5.20%

The impact of a change in mortality basis from the current PA (90) with a two-year adjustment to PA (90) with a four-year adjustment is as follows:

	2018	% Change
Total liability	**1 810 000**	7.20%
Service and interest cost	**150 000**	7.90%

19. PROFIT BEFORE INTEREST AND TAXATION

Profit before interest and taxation is arrived at after taking the following items into account:

	2018 R'000	2017 R'000
Income		
Insurance claim received	**2 191**	10 782
Foreign exchange gains	**14 682**	–
Expenses		
Auditors' remuneration	**3 973**	4 553
Audit fee		
– current year: Group auditor	**2 387**	2 021
– current year: component auditors	**780**	1 159
Other services		
– current year: Group auditor	**755**	1 334
– current year: component auditors	**51**	39
Depreciation	**137 294**	110 548
Buildings and leasehold improvements	**23 681**	20 476
Plant and machinery	**88 265**	69 450
Motor vehicles	**2 079**	2 441
Office equipment	**12 959**	9 500
Furniture and fittings	**665**	622
Bearer plants	**9 645**	8 059
Amortisation of intangible assets	**9 591**	6 539
Impairment loss on property, plant and equipment	**1 727**	3 321
Directors' emoluments[1]		
– executive	**15 092**	22 658
– non-executive	**2 573**	2 100
Management fee paid to Capitalworks[1,2]	**725**	676
Loss on disposal of property, plant and equipment	**4 782**	144
Operating lease charges – paid	**60 943**	49 885
Total staff costs	**812 707**	734 265
– included in cost of goods sold	**369 475**	322 093
– included in operating expenses	**443 232**	412 172
Foreign exchange losses	**–**	6 787

[1] Refer to note 20 for further detail on the directors' emoluments.

[2] Management fees paid to Capitalworks include the remuneration paid for services rendered as directors by CL Smart and GJH Willis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

20. REMUNERATION PAID TO DIRECTORS AND PRESCRIBED OFFICERS

	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Executive directors	**BAS Henderson** *Chief Executive Officer*		**CC Schoombie** *Chief Financial Officer*	
Fees for services as director				
Basic salary	**3 819**	3 643	**2 568**	2 440
Incentive payments	**4 191**	9 208	**2 646**	5 536
Travel allowance	**331**	331	**161**	161
Contributions under medical scheme	**164**	134	**–**	–
Contributions under pension scheme	**584**	557	**393**	373
Contributions under disability and funeral scheme	**139**	171	**96**	104
	9 228	14 044	**5 864**	8 614
Shareholding	**Bruce Henderson Trust**		**Jacian Trust**	
Number of ordinary shares held	**16 200 000**	16 200 000	**3 001 050**	3 001 050
Value of ordinary shares held (R'000)	**262 440**	296 460	**48 617**	54 919
Number of 'B' redeemable convertible preference shares	**–**	–	**1 999 800**	1 999 800
Share options	**191 242**	112 068	**102 273**	59 932
Value of share options	**4 282 716**	2 754 658	**2 290 324**	1 473 143

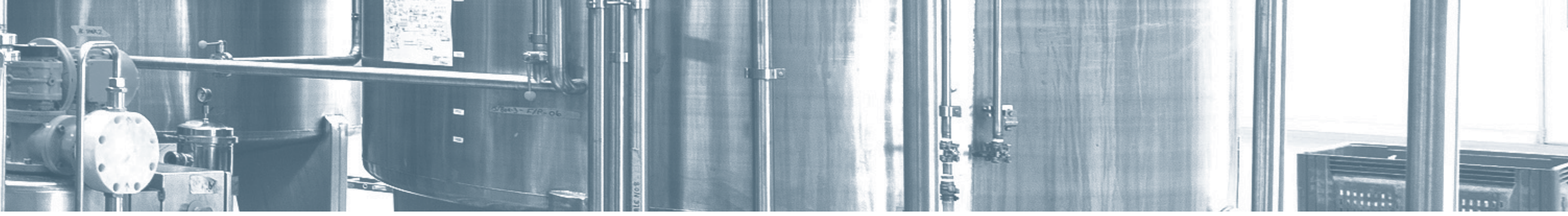
The movement in the share options of the abovementioned directors was for shares granted during the year under the same principles detailed in note 15.

The remuneration of BAS Henderson and CC Schoombie is paid by Rhodes Food Group Proprietary Limited for services rendered to the Group. There are no service contracts with directors of the Group with a notice period greater than one year and with compensation on termination greater than one year's salary.

	2018 R'000	2017 R'000
Independent non-executive directors		
Fees for services as director		
Dr YG Muthien	**681**	642
MR Bower	**528**	499
TP Leeuw	**507**	478
LA Makenete	**510**	481
B Njobe	**347**	–
	2 573	2 100
Independent non-executive directors		
Number of direct ordinary shares held		
Dr YG Muthien	**36 916**	36 916
MR Bower	**86 666**	86 666
TP Leeuw	**–**	–
LA Makenete	**5 080**	5 080
B Njobe	**–**	–
	128 662	128 662

	2018 R'000	2017 R'000
Non-executive directors		
Fees for services as director[1]		
CL Smart	**303**	286
GJH Willis	**422**	398
	725	684

[1] *Remuneration paid for services rendered as directors by CL Smart and GJH Willis is paid as a management fee to Capitalworks.*



	2018	2017	2018	2017
Non-executive directors	**CL Smart**		**GJH Willis**	
Beneficial shareholding				
Number of indirect ordinary shares held	**1 831 233**	1 831 233	**251 002**	251 002
Value of indirect ordinary shares held (R'000)	**29 666**	33 512	**4 066**	4 593
Number of indirect "A" redeemable convertible preference shares	**186 401**	186 401	**25 549**	25 549
Value of indirect "A" redeemable convertible preference shares (R'000)	**155**	155	**21**	21

The board of directors and their associates do not hold any interest in shares other than the interest noted above. There were no changes in the shareholdings of the directors as at 30 September 2018 until the date of the approval of these financial statements.

	2018 R'000	2017 R'000
21. INTEREST PAID		
Bank overdraft	**33 089**	16 379
Long-term loans	**81 280**	67 530
Other short-term loans	**754**	927
	115 123	84 836
22. TAXATION		
Taxation: South Africa		
Current taxation		
– current year	**1 227**	47 359
– prior year over provision	**(10 693)**	(5 019)
Securities transfer tax	**15**	–
Deferred taxation		
– current year	**56 806**	41 658
Taxation: Eswatini		
Current taxation		
– current year	**1 099**	6 172
Deferred taxation		
– current year	**(1 365)**	(2 604)
– prior year over provision	**(333)**	–
	46 756	87 566
Deferred taxation recognised through other comprehensive income – remeasurement of defined benefit liability	**28**	1

	%	%
Tax rate reconciliation		
Standard rate	**28.00**	28.00
Non-deductible expenses	**0.65**	0.77
Legal and professional fees	**0.61**	0.26
Acquisition costs	**0.04**	0.49
Penalties and interest	**–**	0.02
Prior year over provision	**(3.97)**	(0.91)
Other reconciling items	**(1.43)**	(0.70)
Learnership allowance	**(0.46)**	(0.03)
Tax rate differences	**(0.92)**	(0.56)
Section 12I allowances	**(4.23)**	–
Market value of revalued assets adopted as cost	**1.28**	–
Other non-recurring reconciling items	**2.90**	(0.11)
Effective tax rate	**23.25**	27.16

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

23. HEADLINE EARNINGS PER SHARE

23.1 HEADLINE EARNINGS PER SHARE

	2018 R'000	2017 R'000
Reconciliation between profit attributable to owners of the parent and headline earnings:		
Profit attributable to owners of the parent	**154 430**	234 512
Adjustments to profit attributable to owners of the parent	**4 686**	2 495
Loss on disposal of property, plant and equipment	**4 782**	144
Impairment of property, plant and equipment	**1 727**	3 321
Loss of control of subsidiary	**1 216**	–
Taxation effect	**(1 823)**	(970)
Headline earnings	**159 116**	237 007
Headline earnings per share (cents)	**63.0**	96.9

23.2 DILUTED HEADLINE EARNINGS PER SHARE

	2018 R'000	2017 R'000
Headline earnings	**159 116**	237 007
Diluted headline earnings per share (cents)	**60.8**	93.4

23.3 WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE

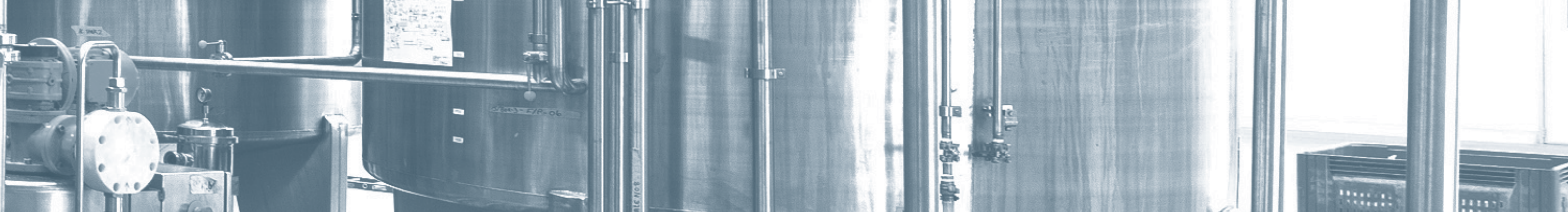
	2018 R'000	2017 R'000
Weighted average number of shares in issue	**253 762 018**	221 000 000
Ordinary shares issued	**–**	24 657 869
Treasury shares	**(1 125 000)**	(1 125 000)
Weighted average number of shares in issue	**252 637 018**	244 532 869
Effect of "A" class redeemable convertible preference shares	**9 000 000**	9 000 000
Effect of share options	**201 094**	189 081
Weighted average number of dilutive shares in issue	**261 838 112**	253 721 950

24. COMMITMENTS FOR CAPITAL EXPENDITURE

The following capital expenditure commitments have been made by the Group:

	2018 R'000	2017 R'000
Approved but not yet contracted	**16 679**	32 872
Contracted for	**29 502**	264 664

Capital expenditure will be funded from existing cash resources and relevant external financing.



25. CONTINGENT LIABILITIES

The Group has entered into guarantees in favour of the South African Revenue Service, for import and export activities as well as various municipalities for operational activities. The outcome of these has not been determined. These guarantees relate to the following:

	2018 R'000	2017 R'000
Import and operational activities	**12 862**	6 560

Other:
R75 million suretyship for Rhodes Food Group Proprietary Limited banking facilities with Nedbank Limited, issued by Swaziland Fruit Canners Proprietary Limited.

Unlimited suretyship for Rhodes Food Group Proprietary Limited banking facilities with Nedbank Limited, issued by Swaziland Fruit Canners Proprietary Limited.

R75 million suretyship for Swaziland Fruit Canners Proprietary Limited banking facility with Nedbank (Swaziland) Limited issued by Rhodes Food Group Proprietary Limited.

Cession of all amounts owing to Rhodes Food Group Proprietary Limited by Swaziland Fruit Canners Proprietary Limited and Rhodes Foods Swaziland Proprietary Limited in favour of Nedbank Limited.

Unlimited suretyship including cession of loan funds for Swaziland Fruit Canners Proprietary Limited banking facility with Nedbank (Swaziland) Limited issued by Rhodes Foods Swaziland Proprietary Limited.

Suretyship of R44 million for Rhodes Food Group Proprietary Limited banking facilities with Nedbank Limited, issued by Pacmar Properties Proprietary Limited.

26. OPERATING LEASE COMMITMENTS

2018	Plant and machinery R'000	Office equipment R'000	Motor vehicle R'000	Land and buildings R'000
Due within one year	**13 900**	**210**	**1 480**	**21 045**
Due within two to five years	**29 758**	**608**	**3 332**	**59 310**
Due after five years	**–**	**–**	**–**	**34 406**
	43 658	**818**	**4 812**	**114 761**
2017				
Due within one year	3 906	–	948	7 387
Due within two to five years	9 486	–	1 725	28 487
Due after five years	–	–	247	21 259
	13 392	–	2 920	57 133

The most significant leases are over land and buildings and are for a period between five to 10 years with an option to renew thereafter. The rental charges are determined on renewal of the initial lease contract period.

27. RETIREMENT BENEFITS

Rhodes Food Group Proprietary Limited provides retirement benefits to its permanent employees through a defined contribution pension fund and defined contribution provident funds. The pension fund is administered by Alexander Forbes. The Sunpie Foods Provident Fund is administered by Liberty Life, the SACCAWU National Provident Fund is administered by Old Mutual and the Rhodes Food Group Proprietary Limited provident fund is administered by NBC Consultants. The retirement benefit plans are governed by the Pension Funds Act 1956 (Act 24 of 1956). All the funds are defined contribution plans; accordingly there is no requirement to have the funds actuarially valued.

Swaziland Fruit Canners Proprietary Limited provides retirement benefits to its permanent employees through a defined benefit provident fund. The Sibaya Provident Fund is administered by Swaziland Employee Benefit Consultants Proprietary Limited.

The total value of the contributions paid by the Group to the pension fund during the year was R33.622 million (2017: R28.916 million).

The total value of contributions paid by the Group to the provident funds during the year was R11.473 million (2017: R10.789 million).

The Group has 938 (2017: 807) employees who contribute to the pension fund, and 2 096 (2017: 1 801) employees who contribute to the provident funds.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

28. FINANCIAL INSTRUMENTS

Financial instruments consist of loans, accounts receivable, bank balances and accounts payable and accruals resulting from normal business activities.

28.1 CAPITAL RISK MANAGEMENT

The capital structure of the Group consists of debt and equity, comprising ordinary and preference share capital, accumulated profit and long-term liabilities.

The Group manages its capital to ensure that it will be able to continue as a going concern. The Group's overall strategy has remained unchanged from the previous financial year.

The gearing ratio at the end of the year was as follows:

	2018 R'000	2017 R'000
Cash and cash equivalents	**(34 346)**	2 559
Long-term loans	**1 225 851**	919 238
Net debt	**1 191 505**	921 797
Total equity	**2 317 840**	2 235 865
Net debt to equity	**51.4%**	41.2%

28.2 SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

28.3 FINANCIAL RISK MANAGEMENT OBJECTIVE

The Group seeks to minimise the effects of fair value interest rate risk and price risk through active and prudent management processes. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

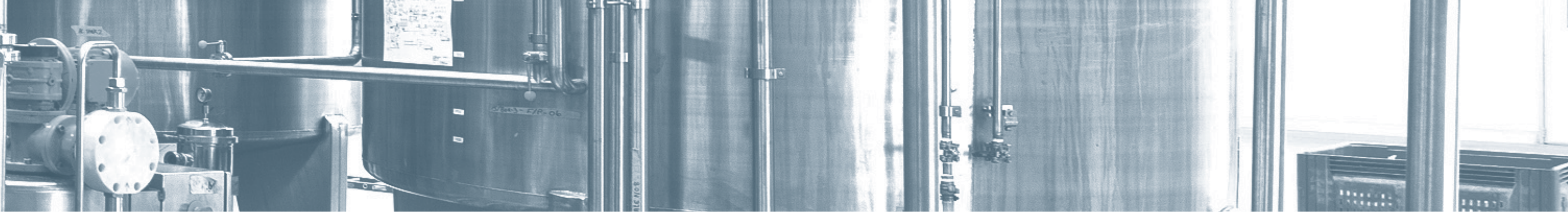
28.4 FOREIGN CURRENCY RISK

The Group has transactional currency exposure arising from the purchase and sale of goods that are denominated in foreign currencies. The currencies in which the Group primarily deal are US Dollars, Great British Pounds, Euros, Canadian Dollars and Australian Dollars. The settlement of these transactions take place within a normal business cycle. The risk of fluctuations in foreign currencies is hedged by a natural hedge and by way of entering into forward exchange contracts for sales transactions denominated in foreign currencies. The market value of cash flow hedges at the reporting date is disclosed in note 11. Purchase transactions that create foreign currency cash flows are not hedged. Details of uncovered foreign currency denominated amounts are included in note 32.

28.5 CREDIT RISK MANAGEMENT

Potential concentrations of credit risk consist principally of trade receivables, short-term cash investments and loans.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. All changes to credit limits are reviewed and authorised by management. Allowances for doubtful debts are raised based on the customer's cash status, long-outstanding debts and customers in liquidation, and are assessed by the directors on an ongoing basis. Short-term cash investments are placed with banks with a high credit rating. Loans are monitored and provision is made, where necessary, for any irrecoverable amounts. At the reporting date the directors deemed there not to be any significant credit risk, not provided for.



28.6 LIQUIDITY AND INTEREST RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonable possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group’s profit for the year would decrease or increase by R12.762 million (2017: R10.950 million). This is mainly attributable to the Group’s exposure to interest rates on its variable rate borrowings.

The group’s exposure to interest rate risk and the effective rates on the financial instruments at the reporting date are as follows:

2018	Interest rate %	Year 1 R’000	Year 1 to 5 R’000	Over 5 years R’000	Total R’000
Assets					
Accounts receivable	Interest-free	**794 232**	**–**	**–**	**794 232**
Loan receivable	Variable	**1 032**	**4 906**	**6 481**	**12 419**
Bank balances and cash on hand	Variable	**34 346**	**–**	**–**	**34 346**
Foreign exchange contract asset		**633**	**–**	**–**	**633**
		830 243	**4 906**	**6 481**	**841 630**
2018					
Liabilities					
Accounts payable	Interest-free	**692 267**	**–**	**–**	**692 267**
Mortgage and term loans	Variable	**328 612**	**1 059 818**	**62 941**	**1 451 371**
Finance lease liability	Variable	**8 245**	**6 320**	**–**	**14 565**
Bank overdraft	Variable	**58 122**	**–**	**–**	**58 122**
		1 087 246	**1 066 138**	**62 941**	**2 216 325**
2017					
Assets					
Accounts receivable	Interest-free	750 638	–	–	750 638
Loan receivable	Interest-free	6 187	231	87	6 505
Bank balances and cash on hand	Variable	4 228	–	–	4 228
		761 053	231	87	761 371
2017					
Liabilities					
Accounts payable	Interest-free	531 083	–	–	531 083
Mortgage and term loans	Variable	272 540	709 571	110 367	1 092 478
Finance lease liability	Variable	9 005	15 932	–	24 937
Bank overdraft	Variable	158 077	–	–	158 077
Foreign exchange contract liability		6 787	–	–	6 787
		977 492	725 503	110 367	1 813 362

28.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair values at the reporting date, except where noted otherwise in the notes.

28.8 BIOLOGICAL ASSET FINANCIAL RISK MANAGEMENT

The Group does not hedge their exposure to changes in fair value of biological assets.

28.9 ANALYSIS PER CATEGORY OF FINANCIAL INSTRUMENTS

The financial assets included in the liquidity and interest risk tables are categorised as “loans and receivables”, except for the foreign exchange contract asset categorised as “FVTPL”. The financial liabilities included in the liquidity and interest risk tables are categorised as “at amortised cost”, except for the foreign exchange contract liability categorised as “at FVTPL”.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

29. STATEMENT OF CASH FLOWS

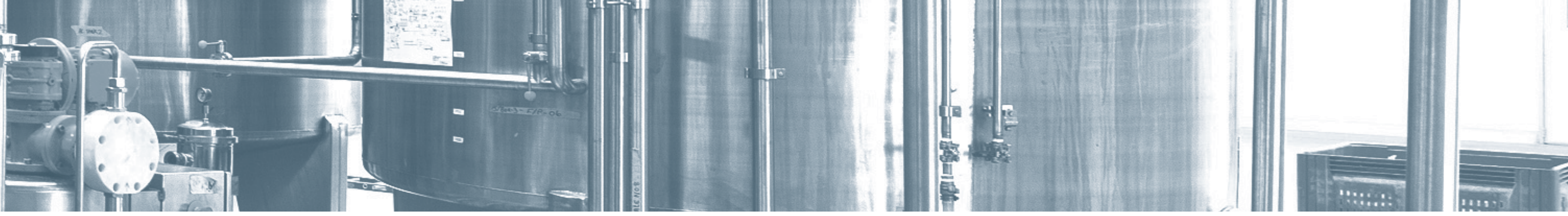
	2018 R'000	2017 R'000
29.1 CASH GENERATED FROM OPERATIONS		
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**201 084**	322 357
Adjusted for:		
Depreciation	**137 294**	110 548
Amortisation	**9 591**	6 539
Net interest paid	**112 934**	84 450
Loss on disposal of property, plant and equipment	**4 782**	144
Impairment of property, plant and equipment	**1 727**	3 321
Loss of control of subsidiary[1]	**1 216**	–
Loss in associate	**565**	–
Net movement in biological assets[2]	**(4 452)**	3 522
Net movement in employee benefit liability	**585**	1 539
Operating cash flows before working capital changes	**465 326**	532 420
Working capital changes	**22 191**	(185 306)
Increase in inventory	**(84 101)**	(139 835)
(Increase)/decrease in accounts receivable	**(43 512)**	35 198
Increase/(decrease) in accounts payable and accruals	**157 224**	(109 381)
Movement in foreign exchange contract liability	**(7 420)**	28 712
Cash generated from operations	**487 517**	347 114

[1] Refer to note 8 for further detail.
[2] Refer to note 9 for a breakdown of the net movement in biological assets.

	2018 R'000	2017 R'000
29.2 TAXATION PAID		
Amount outstanding at the beginning of the year	**(29 461)**	58 918
Loss of control/acquisition of subsidiary	**258**	2 132
Interest and penalties accrued	**29**	–
Current taxation charged per the statement of profit or loss	**(8 367)**	48 512
Amount outstanding at the end of the year	**45 613**	29 461
	8 072	139 023
29.3 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise the following amounts recorded in the statement of financial position:		
Bank balances and cash on hand	**34 346**	4 228
Bank overdraft	**(58 122)**	(158 077)
Bank balances and cash on hand at the end of the year	**(23 776)**	(153 849)

The Group's available working capital facilities are R785 million. A per annum interest rate of SA prime less 1.50% is applicable over R750 million of the facility and Eswatini prime over the remainder.

The bank where the majority of the Group's banking is done has a credit rating of BB+.



30. RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business, enters into various transactions with related parties.

2018
Rhodes Food Group Proprietary Limited is a related party as it is a 100% held subsidiary of the company.

Rhodes Food Group Proprietary Limited's subsidiaries are as follows:

- Swaziland Fruit Canners Proprietary Limited (95.3% shareholding).
- Rhodes Foods Swaziland Proprietary Limited (100% shareholding).
- Pacmar Proprietary Limited (100% shareholding).
- Pacmar Properties Proprietary Limited (100% shareholding).
- Ma Baker Group of Companies (Ma Baker Foods Proprietary Limited, Ma Baker Pies Proprietary Limited, Ma Baker Properties (Pietermaritzburg) Proprietary Limited, Ma Baker Properties (Pinetown) Proprietary Limited (100% shareholding).
- Tradecor SA Proprietary Limited (100% shareholding).

Ma Baker Xpress is a related party as Tradecor SA Proprietary Limited holds 49.17% of its issued share capital.

Peaty Mills Plc is a related party as N Peaty, a director of a subsidiary, is also a director of Peaty Mills Plc. R Phillips, an executive director of Rhodes Food Group Proprietary Limited is also a director of Peaty Mills Plc.

Capitalworks Rhodes Food Investment Partnership is a related party as it is a shareholder of Rhodes Food Group Holdings Limited.

South African Investment Partnership is a related party as it is a shareholder of Rhodes Food Group Holdings Limited.

South African Investment Partnership II is a related party as it is a shareholder of Rhodes Food Group Holdings Limited.

During the year, the Group entered into the following transactions with the related parties:

	2018 R'000	2017 R'000
Shareholder		
Expenses		
Capitalworks Rhodes Food Investment Partnership		
Management fee	**725**	676
Associate		
Income		
Ma Baker Xpress Proprietary Limited		
Rental income	**272**	–
Sale of finished goods	**14 188**	–
At the reporting date the following amounts were receivable from associate		
Included in trade receivables		
Ma Baker Xpress Proprietary Limited	**3 906**	–
Other related party		
Income		
Peaty Mills PLC		
Sales	**233 109**	182 483
At the reporting date the following amounts were receivable from other related parties		
Included in trade receivables		
Peaty Mills PLC	**56 098**	43 143
The amounts will be settled in cash. No amount was provided for bad or doubtful debts owing by related parties during the year.		
Compensation of key management personnel[1]		
Total benefits	**41 186**	56 927

[1] *Key management comprises the executive directors of the subsidiaries of the company.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

31. SUBSIDIARIES

Details of material subsidiaries are listed below.

	2018	2017
DIRECT SUBSIDIARIES		
Rhodes Food Group Proprietary Limited		
Incorporated in South Africa (manufactures and markets convenience foods)		
Issued share capital	**100 000**	100 000
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in shares	**132 000**	132 000
Indebtedness	**1 168 747**	1 249 122
Subsidiary's profit for the year	**51 775**	193 785

	2018	2017
INDIRECT SUBSIDIARIES		
Swaziland Fruit Canners Proprietary Limited		
Incorporated in the Kingdom of Eswatini (manufactures and markets processed foods)		
Issued share capital	**12 677 377**	12 677 377
Percentage holding	**95.3%**	95.3%

	R'000	R'000
The Group's interest in shares	**80 226**	80 226
Indebtedness	**–**	–
Subsidiary's (loss) / profit for the year	**(2 179)**	5 946

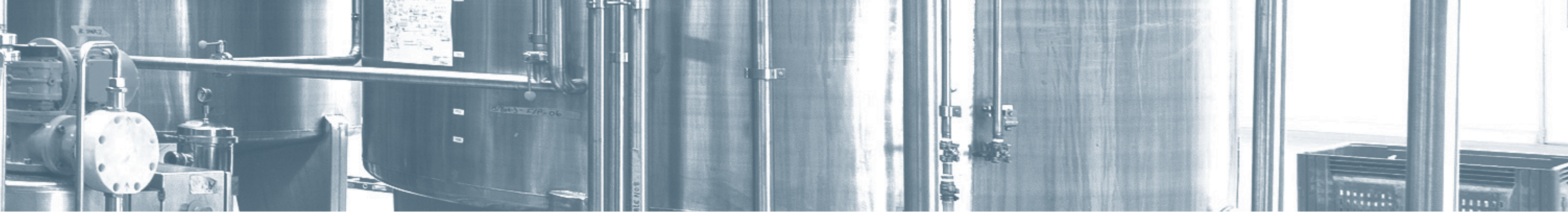
	2018	2017
Rhodes Foods Swaziland Proprietary Limited		
Incorporated in Kingdom of Eswatini (manufactures and markets jam)		
Issued share capital	**1 000**	1 000
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in shares	**25 000**	25 000
Indebtedness	**–**	–
Subsidiary's profit for the year	**9 760**	11 236

	2018	2017
Pacmar Properties Proprietary Limited		
Incorporated in South Africa (investment property holding company)		
Issued share capital	**24 079 093**	24 079 093
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in shares	**24 079**	24 079
Indebtedness	**–**	–
Subsidiary's profit for the year	**5 109**	4 300

	2018	2017
Pakco Proprietary Limited		
Incorporated in South Africa (manufactures and markets dry and pickled foods)		
Issued share capital	**130 235 344**	130 235 344
Percentage holding	**100%**	100%



	R'000	R'000
The Group's interest in shares	**197 000**	197 000
Indebtedness	**–**	–
Subsidiary's profit for the year/6-month period	**27 723**	17 255

	2018	2017
Ma Baker Group of Companies		
Incorporated in South Africa (manufactures and markets pie- and pastry-based foods)		
Issued share capital	**420**	540
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in shares	**180 635**	192 635
Indebtedness	**–**	–
Subsidiary's (loss)/profit for the year/6-month period[1]	**(377)**	8 954

[1] *On 2 October Ma Baker Foods Proprietary Limited, was restructed and incorporated into Rhodes Food Group Proprietary Limited.*

32. FOREIGN CURRENCY EXPOSURE

The following unhedged and uncovered foreign currency denominated liabilities, included in accounts payable, were in existence at the reporting date.

Foreign currency	Foreign currency amount '000	Exchange rate	Rand amount R'000
2018			
USD	**3 674**	**14.13**	**51 912**
GBP	**35**	**18.43**	**645**
EUR	**276**	**16.42**	**4 525**
AUD	**–**	**10.23**	**3**
			57 085
2017			
USD	1 345	13.57	18 252
GBP	1	18.18	9
EUR	188	16.03	3 017
AUD	448	10.63	4 756
			26 034

The following unhedged and uncovered foreign currency denominated assets, included in accounts receivable, were in existence at the reporting date.

Foreign currency	Foreign currency amount '000	Exchange rate	Rand amount R'000
2018			
USD	**8 756**	**14.13**	**123 719**
GBP	**1 336**	**18.43**	**24 629**
EUR	**1 128**	**16.42**	**18 528**
AUD	**2 283**	**10.23**	**23 354**
CAD	**815**	**10.93**	**8 910**
			199 140
2017			
USD	6 510	13.57	88 326
GBP	1 492	18.18	27 114
EUR	1 234	16.03	19 788
AUD	3 765	10.63	40 016
CAD	542	10.88	5 894
			181 138

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2018

32. FOREIGN CURRENCY EXPOSURE CONTINUED

The following unhedged and uncovered foreign currency denominated bank overdrafts and (cash and cash equivalents) were in existence at the reporting date.

Foreign currency	Foreign currency amount '000	Exchange rate	Rand amount R'000
2018			
USD	**(1 789)**	**14.13**	**(25 275)**
GBP	**(71)**	**18.43**	**(1 317)**
EUR	**39**	**16.42**	**632**
AUD	**(24)**	**10.23**	**(247)**
			(26 207)
2017			
USD	1 136	13.57	15 548
GBP	36	18.18	640
EUR	121	16.03	2 044
AUD	7	10.63	70
			18 302

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 10% change in foreign currency exchange rates. A negative number below indicates a decrease in profit before taxation where the Rand strengthens 10% against the relevant currencies.

	2018 R'000	2017 R'000
USD	**9 708**	5 453
GBP	**2 530**	2 646
EUR	**1 337**	1 473
AUD	**2 360**	3 519
CAD	**891**	589
	16 826	13 680

33. DIVIDENDS

On 15 January 2018, a dividend of 31.1 cents (2017: 42.2 cents) per share was paid amounting to a total dividend of R81.7 million (2017: R107.6 million).

34. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going-concern basis.

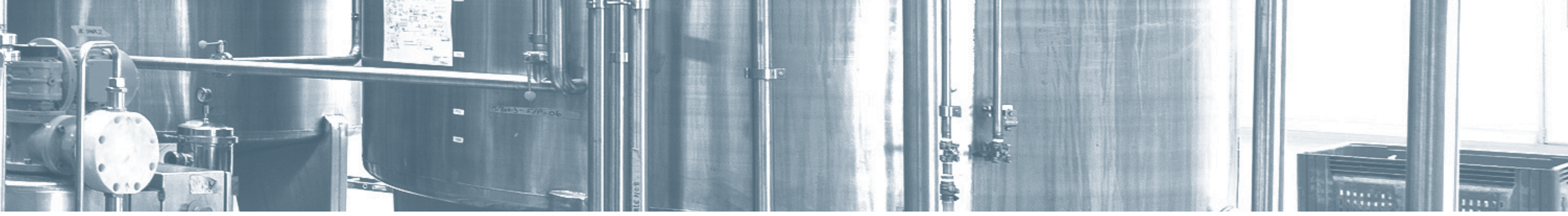
35. EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors has declared a gross cash dividend of 20.3 cents (2017: 31.1 cents) per share on 16 November 2018 in respect of the year ended 30 September 2018.

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.

36. FINANCIAL YEAR-END

The Group's financial year ends in September which reflects 52 weeks of trading, and as a result the reporting date may differ year on year. The 2017 financial year, however, included a 53rd week of trading. References to "financial year" are to the 52/53 weeks ended on or about 30 September. As a result the financial statements were prepared for the year ended 30 September 2018 (2017: 1 October).



ince

www.rfg.com