RHODES FOOD GROUP

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 27 MARCH

2016

HIGHLIGHTS

Turnover
+ 53.5%
to R2 billion

Gross profit margin +60 bps
to 28.2%

Profit after tax
+ 89.2%
to R110 million

Diluted HEPS
+ 87.2%
to 48.1 cps

Normalised HEPS
+ 36.9%
to 50.1 cps

COMMENTARY

PROFILE

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

TRADING AND FINANCIAL PERFORMANCE

Turnover for the six months increased by 53.5% to R2.0 billion (2015: R1.3 billion) through strong organic growth and the integration of the acquisitions made over the past 12 months, while the depreciation in the Rand boosted international revenue.

Regional turnover, which accounts for 75% (2015: 73%) of Group turnover, increased by 56.6%. Fresh Foods sales increased by 20.5% with particularly good growth in the pie category. Long Life Foods grew turnover by 88.7%, boosted by the acquisition of the juice business, as the division recorded market share gains in key product categories and benefited from increased sales, marketing and advertising activity. Customer response to the Rhodes branded range of fruit juices launched in September 2015 has been extremely positive.

Revenue from the acquisitions of Pacmar, Boland Pulp, Saint Pie and Deemster has been included for six months, while General Mills has been included for four months and Alibaba Foods for two months. These acquisitions contributed 37.4% to the growth in turnover.

The turnover growth of 45.1% in the International division was driven mainly by the 24.4% depreciation in the value of the Rand against the Group's basket of trading currencies over the past six months.

The Group's gross profit margin improved by 60 basis points to 28.2% mainly through the improved performance in the International division. Gross profit increased by 57.1% to R560.9 million.

The acquisitions made during the year increased the cost base by R78.9 million or 29.4%. Overall operating costs grew by 44.0% as the Group significantly increased its investment in sales, marketing and advertising, and grew head count to support the organic and acquisitive growth of the business.

The operating margin on a normalised basis, excluding listing costs of R21.8 million in the prior period, was 30 basis points lower at 9.4% owing to the increased sales and marketing costs and the initial margin dilutive impact of the acquisitions. Operating profit on the same basis increased by R61.5 million. Management continues to target an operating margin above 10% in the medium term.

Profit after tax increased by R51.8 million to R109.9 million, with headline earnings for the period 86.6% higher at R110.2 million.

Diluted headline earnings per share (HEPS) increased by 87.2% from 25.7 cents to 48.1 cents. Normalised HEPS increased by 36.9% to 50.1 cents, adjusting for listing costs in the prior period. These results are in line with the Group's trading statement released on 3 May 2016.

Cash generated from operations increased strongly to R128.3 million and was used to partially fund acquisitions and capital expenditure.

Capital expenditure of R104.1 million (2015: R90.0 million) was invested in capacity expansion and enhancing production efficiency, mainly in upgrading the meat production plant and increasing capacity at the fruit juice factory.

OUTLOOK

The Group will continue to drive organic growth through gaining market share and entering new product categories in both the Fresh Foods and Long Life Foods segments. This will be supported by the ongoing focus on producing select private label ranges for major retailers. Momentum will be maintained on expanding the Group's presence in sub-Saharan Africa and growing the International business.

The recent acquisitions should perform strongly in the second half and entrench the Group's position in the new categories of fruit juice, baby food, bottled salads and pickles, and bakery products.

In the current inflationary environment management will continue to monitor the impact of price increases on volumes.

The severe drought affecting major parts of South Africa has until now had a limited impact on the business. However, if the situation persists, this could impact on the Group's production costs and volumes in the second half.

Capital expenditure of R150 million is planned for the second half of 2016 for the continued upgrading of production facilities and ongoing investment in capacity expansion.

In line with the practice adopted in 2015 of only paying an annual dividend, the board plans to declare a dividend for the financial year to 25 September 2016, payable early in 2017, based on a dividend cover ratio of three times diluted headline earnings per share.

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

Bruce Henderson
Chief Executive Officer

Tiaan Schoombie
Chief Financial Officer

Groot Drakenstein
23 May 2016

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at 27 March 2016

	Notes	**Reviewed Six-month period ended 27 March 2016 R'000**	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
ASSETS				
Non-current assets		**1 325 761**	799 357	1 167 896
Property, plant and equipment	4	**925 447**	593 973	785 462
Intangible assets		**83 331**	51 051	79 908
Goodwill		**286 207**	126 325	271 775
Biological assets	6	**30 776**	27 899	30 751
Other financial instruments	7.1	**–**	109	–
Current assets		**1 714 388**	1 212 655	1 310 067
Inventory	5	**1 008 051**	788 835	694 604
Accounts receivable		**686 274**	418 858	604 078
Loans receivable		**2 700**	2 906	2 758
Bank balances and cash on hand		**17 363**	2 056	8 627
Total assets		**3 040 149**	2 012 012	2 477 963
EQUITY AND LIABILITIES				
Capital and reserves		**1 072 382**	905 566	1 018 157
Share capital		**720 205**	720 205	720 205
Equity-settled employee benefits	9	**1 387**	–	–
Accumulated profit		**344 361**	179 883	291 582
Equity attributable to owners of the company		**1 065 953**	900 088	1 011 787
Non-controlling interest		**6 429**	5 478	6 370
Non-current liabilities		**746 732**	333 811	692 533
Long-term loans		**671 927**	276 610	621 773
Deferred taxation liability		**67 818**	47 626	60 993
Employee benefit liability		**6 987**	9 575	9 767
Current liabilities		**1 221 036**	772 635	767 273
Accounts payable and accruals		**725 882**	490 298	430 352
Employee benefits accrual		**91 641**	69 779	114 927
Current portion of long-term loans		**125 910**	66 559	109 775
Taxation payable		**30 363**	34 682	29 820
Bank overdraft		**237 228**	109 762	72 448
Foreign exchange contract liability	7.2	**10 012**	1 555	9 951
Total equity and liabilities		**3 040 149**	2 012 012	2 477 963

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 27 March 2016

		Notes	**Reviewed Six-month period ended 27 March 2016 R'000**	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
Revenue			**1 988 072**	1 294 852	3 022 604
Cost of goods sold			**(1 427 143)**	(937 740)	(2 179 655)
Gross profit			**560 929**	357 112	842 949
Other income			**13 303**	15 664	28 665
Operating costs			**(386 721)**	(268 556)	(582 241)
Profit before interest and taxation			**187 511**	104 220	289 373
Interest paid			**(37 984)**	(14 877)	(47 256)
Interest received			**–**	146	34
Profit before taxation			**149 527**	89 489	242 151
Taxation			**(39 649)**	(31 422)	(72 373)
Profit for the period			**109 878**	58 067	169 778
Profit attributable to:					
Owners of the company			**109 819**	58 909	169 728
Non-controlling interest			**59**	(842)	50
			109 878	58 067	169 778
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss			**–**	–	99
Remeasurement of employee benefit liability			**–**	–	77
Deferred taxation effect			**–**	–	22
Total comprehensive income for the period			**109 878**	58 067	169 877
Total comprehensive income attributable to:					
Owners of the company			**109 819**	58 909	169 827
Non-controlling interest			**59**	(842)	50
			109 878	58 067	169 877
Earnings per share	(cents)	8.1	**49.9**	26.7	77.1
Diluted earnings per share	(cents)	8.1	**47.9**	25.6	74.1
Headline earnings per share	(cents)	8.3	**50.1**	26.7	77.4
Diluted headline earnings per share	(cents)	8.3	**48.1**	25.7	74.4

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 27 March 2016

	Share capital R'000	Equity-settled employee benefits reserve R'000	Accumulated profit R'000	Non-controlling interest R'000	Total R'000
Balance at 28 September 2014 – audited	150 001	–	117 567	6 320	273 888
Issue of ordinary share capital	569 891	–	–	–	569 891
Treasury shares sold	313	–	3 407	–	3 720
Total comprehensive income for the period	–	–	58 909	(842)	58 067
Balance at 29 March 2015 – reviewed	720 205	–	179 883	5 478	905 566
Total comprehensive income for the period	**–**	**–**	**111 699**	**892**	**112 591**
Balance at 27 September 2015 – audited	**720 205**	**–**	**291 582**	**6 370**	**1 018 157**
Total comprehensive income for the period	**–**	**–**	**109 819**	**59**	**109 878**
Recognition of share-based payments	**–**	**1 387**	**–**	**–**	**1 387**
Dividends paid to owners of the company	**–**	**–**	**(57 040)**	**–**	**(57 040)**
Balance at 27 March 2016 – reviewed	**720 205**	**1 387**	**344 361**	**6 429**	**1 072 382**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 27 March 2016

	Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
Cash flows from operating activities			
Operating cash flows before working capital changes	**225 812**	129 823	346 463
Working capital changes	**(97 527)**	(145 429)	(126 164)
Cash generated from/(utilised in) operations	**128 285**	(15 606)	220 299
Net interest paid	**(33 057)**	(79 058)	(104 557)
Taxation paid	**(32 279)**	(23 176)	(64 321)
Net cash inflow/(outflow) from operating activities	**62 949**	(117 840)	51 421
Cash flows from investing activities			
Purchase of property, plant and equipment	**(104 056)**	(89 988)	(175 882)
Proceeds on disposal of property, plant and equipment	**3 796**	125	528
Acquisition of subsidiaries and businesses less net cash acquired	**(123 111)**	–	(407 796)
Loan receivable advanced	**–**	(1 510)	(1 510)
Loans receivable repaid	**58**	8 570	13 063
Net cash outflow from investing activities	**(223 313)**	(82 803)	(571 597)
Cash flows from financing activities			
Issue of ordinary share capital	**–**	575 642	575 641
Preference share capital repaid	**–**	(156 005)	(156 005)
Dividends paid to owners of the company	**(57 040)**	–	–
Loans raised	**119 565**	321 343	740 867
Loans repaid	**(58 205)**	(521 168)	(577 273)
Net cash inflow from financing activities	**4 320**	219 812	583 230
Net (decrease)/increase in cash and cash equivalents	**(156 044)**	19 169	63 054
Cash and cash equivalents at beginning of the period	**(63 821)**	(126 875)	(126 875)
Cash and cash equivalents at end of the period	**(219 865)**	(107 706)	(63 821)

CONDENSED CONSOLIDATED INTERIM SEGMENTAL REPORT

for the six months ended 27 March 2016

Products and services from which reportable segments derive their revenues

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

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

- Regional
- International

Segment revenues and results

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

	Segment revenue		
	Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
Regional			
Fresh products sales	**538 941**	447 165	928 780
Long life products sales	**948 874**	502 897	1 185 065
	1 487 815	950 062	2 113 845
International			
Long life products sales	**500 257**	344 790	908 759
Total	**1 988 072**	1 294 852	3 022 604
	Segment profit		
Regional	**118 924**	105 375	212 020
International	**71 019**	24 131	105 372
Total	**189 943**	129 506	317 392
Listing fees	**–**	(21 796)	(21 796)
Acquisition costs	**(2 432)**	(3 490)	(6 223)
Interest received	**–**	146	34
Interest paid	**(37 984)**	(14 877)	(47 256)
Profit before taxation	**149 527**	89 489	242 151

Segment revenue reported above represents revenue generated from external customers. Intercompany sales amounted to R366 496 119 (six months ended 29 March 2015: R118 706 032, year ended 27 September 2015: R362 272 405).

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

for the six months ended 27 March 2016

Geographical information

The Group's non-current assets by location of operations (excluding financial instruments and goodwill) are detailed below. The chief operating decision-maker does not evaluate any other of the Group's assets or liabilities on a segmental basis for decision-making purposes.

	Non-current assets		
	Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
Republic of South Africa	**930 564**	579 480	787 174
Kingdom of Swaziland	**108 990**	93 443	108 947
	1 039 554	672 923	896 121

Information regarding major customers

Three customers (six months ended 29 March 2015: three) individually contributed 10% or more of the Group's revenues arising from both regional and international sources.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 27 March 2016

1. BASIS OF PREPARATION

Rhodes Food Group Holdings Limited is a company domiciled in the Republic of South Africa. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 27 March 2016 comprise the company and its subsidiaries (together referred to as the "Group'').

The reviewed financial results are prepared in accordance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncement as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The accounting policies and methods of computation applied in the presentation of the interim financial statements are consistent with those applied in the audited consolidated financial statements for the year ended 27 September 2015.

The interim financial statements are in accordance with the information required by IAS 34: *Interim Financial Reporting*, and the accounting policies adopted and methods of computation are in accordance with IFRS. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last consolidated financial statements as at and for the year ended 27 September 2015.

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

2. SEASONALITY OF OPERATIONS

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

3. EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any matter or circumstance of a material nature arising since the end of the six months ended 27 March 2016, otherwise not dealt with in the interim financial statements, which significantly affect the financial position of the Group or the results of its operations.

4. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 27 March 2016, the Group acquired assets with a cost of R104 056 224 (six months ended 29 March 2015: R89 987 944, year ended 27 September 2015: R175 882 717).

Assets with a carrying amount of R4 268 695 were disposed of during this period (six months ended 29 March 2015: R309 188, year ended 27 September 2015: R1 514 909). This disposal resulted in a loss of R472 345 (six months ended 29 March 2015: R184 188, year ended 27 September 2015: R984 716), which was recognised as part of 'operating costs' in the condensed consolidated statement of profit and loss and other comprehensive income.

During the six-month period ended 27 March 2016, the Group contracted R93 609 029 (six months ended 29 March 2015: R46 870 684, year ended 27 September 2015: R45 728 751) for future capital commitments.

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

5. INVENTORY

A provision of R9 159 929 for the six months ended 27 March 2016 (six months ended 29 March 2015: R14 882 934, year ended 27 September 2015: R9 159 929) was raised in order to disclose inventory at the lower of cost or net realisable value.

	Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
6. BIOLOGICAL ASSETS			
Livestock	**8 546**	8 485	8 521
Growing crops	**22 230**	19 414	22 230
	30 776	27 899	30 751

Measurement of fair value of livestock

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

Livestock

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

More/(less) livestock were classified as breeders;

Livestock prices increased/(decreased); or

Weight and quantity premiums increased/(decreased).

Growing crops

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

Pineapple volumes increased/(decreased);

Pineapple prices increased/(decreased); or

Costs of growing or harvesting (increased)/decreased.

Measurement of fair value of growing crops

The fair values of the pineapple plantations have been categorised as level 3 fair values based on the inputs to valuation techniques used. The valuation technique is based on the fair value (which approximates market value) less estimated point-of-sales costs at the point of harvest of which the unobservable inputs consist of estimated volumes (2016: average of 57 083 tonnes delivered for a four-year period, 2015: average of 54 975 tonnes delivered for a four-year period) and estimated pricing (2016: R1 277 per ton delivered, 2015: R1 222 per ton delivered) of pineapples harvested.

	Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
6. BIOLOGICAL ASSETS (CONTINUED)			
Carrying value at the beginning of the period	**30 751**	28 015	28 015
Value of crops harvested	**(5 376)**	(5 286)	(17 190)
Additions	**5 376**	5 286	9 133
Gain included in profit or loss	**25**	(116)	10 793
Net change in fair value	**25**	(116)	10 793
Carrying value at the end of the period	**30 776**	27 899	30 751
7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
7.1 Other financial instruments			
Interest rate swap – not designated in hedge accounting relationship			
Financial asset			
Non-current	**–**	109	–
7.2 Foreign exchange contracts			
Contract loss	**10 012**	1 555	9 951

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

Financial instruments at fair value through profit and loss	Level	Valuation technique
Interest rate swap	Level 2	Mark to market valuation by issuer of instrument
Foreign exchange contracts	Level 2	Mark to market rates by issuer of instrument

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

for the six months ended 27 March 2016

			Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited year ended 27 September 2015 R'000
8.	**EARNINGS PER SHARE**				
8.1	**Basic earnings per share**				
	Profit attributable to owners of the company		**109 819**	58 909	169 728
	Basic earnings per share	(cents)	**49.9**	26.7	77.1
	Diluted earnings per share	(cents)	**47.9**	25.6	74.1
8.2	**Weighted average number of shares in issue**				
	Weighted average number of shares in issue		**221 000 000**	171 000 000	171 000 000
	Ordinary shares issued		**–**	50 000 000	50 000 000
	Treasury shares		**(937 500)**	–	(937 500)
	Weighted average number of shares in issue		**220 062 500**	221 000 000	220 062 500
	Effect of convertible preference shares		**9 000 000**	9 000 000	9 000 000
	Effect of share offers		**14 534**	–	–
	Weighted average number of shares in issue		**229 077 034**	230 000 000	229 062 500

8. EARNINGS PER SHARE (CONTINUED)

8.3 Headline earnings per share

Reconciliation between profit attributable to owners of the company and headline earnings:

		Reviewed Six-month period ended 27 March 2016 R'000	Reviewed Six-month period ended 29 March 2015 R'000	Audited Year ended 27 September 2015 R'000
Profit attributable to owners of the company		**109 819**	58 909	169 728
Adjustments to profit attributable to owners of the company		**340**	132	709
Loss on disposal of property, plant and equipment		**472**	184	985
Taxation effect		**(132)**	(52)	(276)
Headline earnings		**110 159**	59 041	170 437
Headline earnings per share	(cents)	**50.1**	26.7	77.4
Normalised headline earnings per share[1, 2]	(cents)	**50.1**	36.6	87.4
Diluted headline earnings per share	(cents)	**48.1**	25.7	74.4
Normalised diluted headline earnings per share[1, 2]	(cents)	**48.1**	35.1	83.9

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

[2] *The pro forma financial information has been prepared for illustrative purposes only to provide information on how the normalised headline earnings and normalised diluted headline earnings adjustment might have impacted on the financial results of the Group. Because of its nature, the pro forma financial information may not be a fair reflection of the Group's results of operation, financial position, changes in equity or cash flows.*

The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies that comply with International Financial Reporting Standards. These are consistent with the audited consolidated financial statements for the year ended 28 September 2015.

There are no post balance sheet events which require adjustment to the pro forma information.

The directors are responsible for compiling the pro forma financial information on the basis of the application criteria specified in the JSE Listings Requirements.

9. EQUITY-SETTLED EMPLOYEE BENEFITS

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

In December 2015 offers under the Plan were granted to executives and selected managers of the company and its subsidiaries. The offers will vest over a three year period starting from the 3rd and ending on the 5th anniversaries of the offers. The offers consist of a weighted combination of the following types of equity-settled benefits:

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

Offers of 283 352 Share appreciation rights, 191 471 Performance shares and 88 806 Restricted shares were granted at a fair value of R7.84, R21.32 and R25.48 respectively.

The fair value of offers granted during the six-month period ended 27 March 2016 was estimated on the date of grant using the following assumptions:

Dividend yield (1%)
Expected volatility (25%)
Risk-free interest rate (8.5%)
Expected life of share offers (3 -5 years)
Weighted average share price R24.21

For the six months ended 27 March 2016, the Group has recognised R1 387 000 of share-based payment reserve against equity in the statement of changes in equity (six-month period ended 29 March 2015: R0; year ended 30 September 2015: R0).

10. CONTINGENT LIABILITIES

The Group has entered into guarantees, the outcome of which has not been determined. The guarantees from import and operations activities for the six months ended 27 March 2016 are R4 465 195 (six months ended 29 March 2015: R7 434 287, year ended 27 September 2015: R4 733 262). There were no other changes in the contingent liabilities from the prior period.

11. ACQUISITION OF BUSINESSES

11.1 Deemster Proprietary Limited

On 1 October 2015 the Group acquired the business assets of Deemster Proprietary Limited. Deemster conducts a canning and bottling business in Bethlehem in the Free State. Its products include canned vegetables and bottled salads and pickles such as beetroot and gherkins and as such offers the opportunity for the Group to enter into these new categories. It primarily co-packs products for third party brands and produces private label products for most South African retail groups. The board is of the opinion that the acquisition presents an attractive investment opportunity which is aligned with the Group's strategy to grow through value accretive acquisitions.

Included in the profit for the period is a loss of R1 273 050 attributable to the Deemster operations. Revenue for the period includes R32 486 323 in respect of this acquisition.

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

11.2 General Mills South Africa Proprietary Limited

The Group acquired the Foodservice Operations business assets of General Mills South Africa Proprietary Limited with effect from 30 November 2015. General Mills manufactures dry and frozen bakery products from its operations in Johannesburg. The board is of the opinion that the acquisition presents an attractive investment opportunity which is aligned with the Group's strategy to grow through value accretive acquisitions.

Included in the profit for the period is R227 367 attributable to the additional business generated by General Mills. Revenue for the period includes R16 696 851 in respect of this acquisition. The Group is unable to quantify the revenue and profit or loss as if the business was acquired at the beginning of the financial year due to insufficient information available.

	30 November 2015 R'000
Assets acquired	
Property, plant and equipment	**49 253**
Inventory	**8 628**
Fair value of assets acquired	**57 881**
Employee liabilities	**1 371**
Purchase price settled in cash	**56 510**
Goodwill	–

11. ACQUISITION OF BUSINESSES (CONTINUED)

11.3 Alibaba Foods Holdings Proprietary Limited

On 1 February 2016 the Group acquired the business assets and liabilities of Alibaba Foods Holdings Proprietary Limited, for a total cash consideration of R42 million. Alibaba, based in Athlone, Cape Town, manufactures a range of halaal Eastern food products. The board is of the opinion that the acquisition presents an attractive investment opportunity which is aligned with the Group's strategy to grow through value accretive acquisitions.

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

Included in the profit for the period is a loss of R456 737 attributable to the Alibaba operations. Revenue for the period includes R6 333 388 in respect of this acquisition. The Group is unable to quantify the revenue and profit or loss as if the business was acquired at the beginning of the financial year due to insufficient information available.

	1 February 2016 R'000
Assets and liabilities acquired	
Property, plant and equipment	**20 000**
Intangible assets	**5 000**
Inventory	**1 492**
Accounts receivable	**5 281**
Accounts payable and accruals	**(3 931)**
Employee benefits accrual	**(274)**
Fair value of assets acquired	**27 568**
Purchase price - settled in cash	**42 000**
Goodwill	**14 432**

12. DIVIDEND

On 25 January 2016, a dividend of 24.8 cents per share (total dividend R57.04 million) was paid to holders of fully paid ordinary shares. The company did not pay any dividends during the year ended 27 September 2015.

13. SIX-MONTH PERIOD END

The Group's interim financial period ends in March which reflects 26 weeks of trading and as a result the reporting date may differ year on year. References to an interim financial period are to the 26 weeks ended on or about 31 March. As a result the interim financial statements were prepared for the interim period ended 27 March 2016 (29 March 2015).

14. REVIEW REPORT

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF RHODES FOOD GROUP HOLDINGS LIMITED

We have reviewed the condensed consolidated financial statements of Rhodes Food Group Holdings Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 27 March 2016 and the condensed consolidated statement of comprehensive income, changes in equity and cash flows for the period then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

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

Auditor's responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Rhodes Food Group Holdings Limited for the period ended 27 March 2016 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Deloitte & Touche

Per MA van Wyk
Partner

23 May 2016

Audit – Stellenbosch

Unit 11 Ground Floor, La Gratitude, 97 Dorp Street, Stellenbosch 7600

National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit

*N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS *K Black Clients and Industries

*JK Mazzocco Talent and Transformation *MJ Jarvis Finance *M Jordan Strategy *MJ Comber Reputation and Risk *TJ Brown Chairman of the Board

Regional leader: MN Alberts

**Partner and Registered Auditor*

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Associate of Deloitte Africa, a Member of Deloitte Touch Tohmatsu Limited

CORPORATE INFORMATION

RHODES FOOD GROUP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number 2012/074392/06
JSE share code: RFG
ISIN: ZAE000191979

Registered address	Pniel Road, Groot Drakenstein, 7680 Private Bag X3040, Paarl, 7620
Directors	Dr YG Muthien* (Chairperson) BAS Henderson (Chief Executive Officer) MR Bower* TP Leeuw* LA Makenete* CC Schoombie (Chief Financial Officer) CL Smart** GJH Willis** ** Independent non-executive* *** Non-executive*
Company secretary	Statucor Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107
Sponsor	Rand Merchant Bank, a division of FirstRand Bank Limited
Auditors and reporting accountants	Deloitte & Touche

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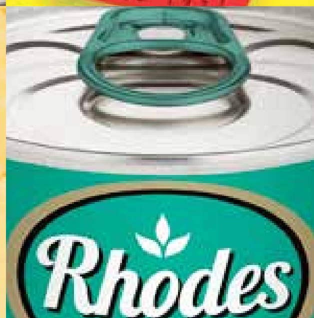

www.rhodesfoodgroup.com