ACQUISITION BY ROLFES OF THE MINORITY SHAREHOLDERS’ 30% SHAREHOLDING IN AGCHEM HOLDINGS PROPRIETARY LIMITED (“AGCHEM”), DISPOSAL OF AGCHEM’S 50% SHAREHOLDING IN INTROLAB CHEMICALS PROPRIETARY LIMITED (“INTROLAB”), DISPOSAL OF AGCHEM’S 51% SHAREHOLDING IN ACACIA SPECIALITY CHEMICALS PROPRIETARY LIMITED (“ACACIA”) AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Rolfes shareholders are referred to the group strategy and cautionary announcement published on SENS on 7 May 2015 wherein they were advised that the Company was involved in negotiations relating to transactions including:

- the acquisition of the remaining 30% shareholding in Agchem from the minority shareholders;
- further expansion into specialty chemicals; and
- the disposal of non-core assets.

Shareholders are accordingly advised, as relates to the first and third point above, that Rolfes and its subsidiary Agchem, have entered into the following inter-conditional agreements:

- an agreement between Rolfes and the Trustees of the Pretorius Family Trust and Johannes Jurgens Pretorius to acquire 20% of the issued shares in Agchem, together with any claims that the seller may have against Agchem, from the Pretorius Family Trust (“the Agchem - Pretorius Transaction”);

- an agreement between Rolfes and the Trustees of the S.P. Naude Family Trust and Stephanus Petrus Naude to acquire 10% of the issued shares in Agchem, together with any claims that the seller may have against Agchem, from the S.P. Naude Family Trust (“the Agchem - Naude Transaction”);

- an agreement between Agchem and the Trustees of the Pretorius Family Trust to dispose of Agchem’s 50% interest in the issued shares in Introlab, together with any claims that it may have against Introlab, to the Pretorius Family Trust (“the Introlab Disposal”); and

- an agreement between Agchem and the Trustees of the Indicator Trust and Charles Hastings Dickinson to dispose of Agchem’s 51% interest in the issued shares in Acacia, together with any claims that it may have against Acacia, to the Indicator Trust (“the Acacia Disposal”);

(collectively “the Transactions”).
2. RATIONALE FOR THE TRANSACTIONS

The Rolfes Group’s strategy is built on the global need for food, agriculture, water, industrial products and infrastructure development in developing countries and markets. The Group is positioning itself to provide specialised chemicals and related products and solutions, to support these needs as a significant listed player, primarily in Africa but also in other specific strategically targeted geographical areas. Additionally, it provides value-add through the deployment of intellectual capital and technological innovation in its chosen industries.

The growth strategy will be achieved firstly by building a substantial industrial group, targeting its four key sectors, being: agriculture, water, food and industrial.

The Agricultural Chemicals (Agchem) division specialises in the development and manufacture of high-quality agro-chemical products for world markets. Agchem produces a wide range of insecticides, herbicides, fungicides, crop fertilisers, adjuvants, seed treatments, biological treatments, crop fertilisers and agricultural products. The Agchem business remains central to the Rolfes Group strategy and growth. The buy-out of minority shareholders will assist Rolfes in pursuing its stated strategy by better aligning core businesses and strengthening the platform upon which to grow the division and the Company.

Introlab supplies and distributes soluble fertilisers and Acacia is a supplier of certain chemical raw materials. The Board of Rolfes does not believe these businesses to be core to the Group’s or Agchem’s strategy and hence has taken the decision to dispose of its shareholding in these operations.

3. SALIENT FEATURES OF THE TRANSACTIONS

The salient features of the Agchem – Pretorius Transaction are as follows:

- The purchase consideration is R25,3 million to be settled by Rolfes in cash.

- The effective date of the transaction will be 1 July 2015.

- The transaction is subject to the following key conditions precedent:
  
  ▪ obtaining sufficient funding to discharge the purchase consideration;

  ▪ Johan Pretorius resigning as an employee of Agchem and renouncing any further claims against Agchem; and

  ▪ obtaining the approval of the Takeover Regulation Panel ("TRP") as well as any other regulatory approvals that may be required.
The net asset value and net after tax profit of Agchem amounted to R 129,0 million and R 16,2 million respectively, based on the unaudited results of Agchem for the six months ended 31 December 2014.

The salient features of the Agchem – Naude Transaction are as follows:

• The purchase consideration is R 12,6 million to be settled by Rolfes in cash. In addition, Stefan Naude will be entitled to an ‘Agterskot’ payment if certain profit growth hurdles are met over the next two financial years. The ‘Agterskot’ payment will be determined by taking the difference between the actual profits achieved over the next two financial years and the hurdle profit rate, multiplying such number by 5.5 and then by 10%. The ‘Agterskot’ is capped at R 10 million and, if Stefan Naude remains an employee of Agchem for the 2 year period, will be payable before 30 September 2017.

• The effective date of the transaction will be 1 July 2015.

• The transaction is subject to the following key conditions precedent:
  ▪ obtaining sufficient funding to discharge the purchase consideration;
  ▪ Stefan Naude entering into a two year extension of employment contract with Agchem, on mutually acceptable terms, with effect from 1 July 2015; and
  ▪ obtaining the approval of the TRP as well as any other regulatory approvals that may be required.

• The net asset value and net after tax profit of Agchem amounted to R 129,0 million and R 16,2 million respectively, based on the unaudited results of Agchem for the six months ended 31 December 2014.

The salient features of the Introlab Transaction are as follows:

• The disposal consideration is R 12,4 million to be paid to Agchem in cash.

• The effective date of the transaction will be 1 July 2015.

• The transaction is subject to the condition precedent that the approval of the TRP as well as any other regulatory approvals that may be required be obtained.

• The net asset value and net after tax profit of Introlab amounted to R 25,1 million and R 2,5 million respectively, based on the unaudited results of Introlab for the six months ended 31 December 2014.

The salient features of the Acacia Transaction are as follows:
The disposal consideration is R6.3 million to be paid to Agchem in cash on or before 31 December 2015 and bearing interest at a rate of 9.5% p.a. from the effective date of the transaction.

The effective date of the transaction will be 1 July 2015.

The transaction is subject to the condition precedent that the approval of the TRP as well as any other regulatory approvals that may be required be obtained.

The net asset value and net after tax profit of Acacia amounted to R 12.7 million and R 1.2 million respectively, based on the unaudited results of Acacia for the six months ended 31 December 2014.

The net amount payable in terms of the Transactions will be settled from bank debt facilities.

4. CATEGORISATION OF THE TRANSACTIONS

The Transactions, in aggregate, are categorised, in terms of the JSE Listings Requirements, as a Category 2 transaction and do not require shareholders’ approval.

5. RENEWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that Rolfes remains involved in negotiations regarding further expansion into speciality chemicals. Accordingly, shareholders are advised to continue exercising caution when dealing in the Company’s securities until a further announcement is made.

Johannesburg
4 June 2015

Sponsor and Corporate Advisor: Grindrod Bank Limited