

ROLFES HOLDINGS LIMITED
(Registration number 2000/002715/06)
Incorporated in South Africa
Share code: RLF
ISIN: ZAE000159836
("Rolfes" or "the group")

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS
FOR THE PERIOD ENDED 31 december 2018

PERFORMANCE SUMMARY

Rolfes is a leading black empowered, industry-compliant supplier of agricultural, food, industrial and water chemical management solutions for the local and international markets.

Key features

- Revenue from continuing operations increased by 13,5% to R833,1 million
(31 December 2017: R734,0 million)
- Headline earnings increased by 32,9% to 19,46 cents per share
(31 December 2017: 14,64 cents per share)
- Cash from operations increased by 19,9% to R71,8 million
(31 December 2017: R59,9 million)
- Interim dividend declared of 4 cents per share
- Proceeds received on the finalisation of the sale of the silica mine and foreign operations rationalised

COMMENTARY

STRATEGIC OVERVIEW

Rolfes is a leading black empowered, industry-compliant supplier of agricultural, food, industrial and water chemical management solutions for the local and international markets.

As part of its core organic growth strategy, the Group concentrates on the expansion of its product ranges. While the Group will continue to seek acquisitions which have a high barrier to entry, management's priority remains to focus on the core businesses, their stability, organic growth and real returns.

DIVISIONAL STRUCTURE

AGRICULTURAL

The Agricultural division develops, manufactures and distributes products that promote plant root and foliar health, soil nutrition, disease prevention and control as well as various other agricultural remedies into the agricultural industry.

FOOD CHEMICALS

Bragan Chemicals is an additive and ingredient supplier, the division imports and locally procures chemical commodities. Through bulk importation and distribution of additives, ingredients and chemicals we supply to our clients who focus on food manufacturing.

INDUSTRIAL CHEMICALS

The Chemicals division distributes various products and additives including solvents, lacquer thinners, surfactants, cleaning solvents, water treatment products, creosotes and waxes into the industrial manufacturing, construction and water industry. The division further develops, manufactures and provides leather chemicals and treatment solutions into the leather tanning industry.

COLOUR

Rolfes Colour supplies organic and inorganic products, additives, in-plant and point-of-sale dispersions and pigments to all sectors of the paint industry.

WATER

Rolfes Water provides total industrial water management solutions, including specialised water purification solutions and products for the commercial cooling sector and the industrial sector. Opportunities exist within petrochemical, primary metals, sugar and mining industries.

GROUP FINANCIAL REVIEW

Revenue increased by 13,5% to R833,1 million (December 2017: R734,0 million). Revenue was positively impacted by increased volumes in certain divisions but these could only be achieved at a lower margin; the market was tough and pricing was key so as to maintain, and in some areas gain, market share. Pressure on margins, specifically in the Food Chemical division, resulted in a lower translation of revenue through to gross profit. In terms of the general economic environment the Group saw a strong first four months followed by a slow down thereafter.

Gross profit increased by 3,0% to R171,9 million (December 2017: R166,9 million) and resulted in a gross margin of 20,6% which represents a decline from the comparative period of 22,7%. The reduction in margin percentage was due to pricing pressure in the food Chemical division and the decrease in sales relating to the higher margin products in the Agri division.

Operating profit from continuing operations increased by 27,6% to R60,9 million (December 2017: R47,7 million) at an operating margin of 7,3% of revenue (December 2017: 6,5%). It should, however, be noted that the comparative period was impacted by once-off impairments and non-recurring costs without which the operating profit and margin would have been R66,7 million and 9,1% respectively. The current period included a share-based payment expense of R2,1 million (December 2017: Rnil), trading losses of R4,1 million relating to the businesses in Zambia and Europe. The return on capital for both businesses was unsatisfactory; the European business is in the final stages of being closed and the Zambia business has been restructured as a distributorship by a local partner.

Headline earnings increased by 32,9% to 19,46 cents per share (31 December 2017: 14,64 cents per share) and earnings per shares increased by 31,2% to 19,30 cents per share (31 December 2017: 14,71 cents per share).

The directors believe that, in the past, normalised headline earnings per share from continuing operations were the most meaningful measure for evaluating the Group's operational performance. In the current year there were no items having an affect on operating profit which required adjustment and therefore the term and reference to normalised headline earnings is only utilised for comparative purposes. Headline earnings from continuing operations decreased by 22,2% to 18,91 cents per share when compared to the prior year normalised result of 24,32 cents per share.

This unaudited condensed consolidated interim results announcement does not contain the full information of the normalised headline earnings for the comparative period. The full information is included as an annexure to the results booklet which is available on the Company's website hosted at www.rolfesza.com, at the Company's registered office, as well as the offices of the sponsor, for inspection during normal office hours at no charge. Any investment decisions by investors should be based on consideration of the full results booklet.

The weighted average number of shares in issue for the year was 161 301 468 and remained unchanged from the comparative period.

GROUP CASH FLOW PERFORMANCE

Cash generated from operations increased by 19,9% to R71,8 million (31 December 2017: R59,9 million). Net working capital increased by R79,0 million and is represented by an increase in inventory of R3,1 million, an increase in trade and other receivables of R50,3 million and a decrease in accounts and other payables of

R25,6 million. Subsequent to period end significant cash was received from debtors, in respect of peak season sales, and will have a positive impact on the net working capital movement in the next reporting period. Inventory levels as at 31 December 2018 are R338,6 million compared to R351,4 million for December 2017. The management of working capital remains a key focus area with the priority of ensuring the businesses have sufficient stock to trade over peak periods. Net finance costs amounting to R14,2 million increased by 8,7% from R13,0 million in 2017; this is a direct result of the increased net debt which was R226,4 million as at 31 December 2018 compared to R202,1 million as at 31 December 2017. The increased debt arose due to the need for more appropriate inventory levels being in place during the peak seasons in October and November 2018 and the reduction in account payables.

Tax paid amounted to R11,1 million. Dividends paid amounting to R6,5 million represents the 4 cent paid as a final dividend for the 2018 financial year. Cash utilised in investing activities comprised investment in product development, predominantly relating to the Agricultural division, amounting to R3,1 million (31 December 2017: R3,6 million) and additions to property, plant and equipment amounted to R5,0 million (31 December 2017: R2,5 million). Total proceeds of R11,6 million were received in respect of the "sale of assets and liabilities held for sale" comprises R8,0 million in respect of the Silica mine discontinued and subsequently sold and R3,6 million in respect of the properties owned in Botswana.

There remains continued focus on managing the return on capital employed at a business unit level so as to maximise returns for shareholders.

OPERATIONAL REVIEW

AGRICULTURAL

Revenue increased by 1,7% to R167,1 million (December 2017: R164,3 million). Gross profit margin was maintained at 29,4% (December 2017: 29,4%). The division's performance initially reflected an improved position due to the recovery in the Western Cape but the lack of rain inland resulted in subdued sales in November and December 2018.

Operating profit declined by 10,5% to R17,5 million (December 2017: R19,5 million) due to general cost pressures and closure of Agchem Europe. Management is focussing on efficiencies and revenue growth. The business has a fairly fixed cost base and an increase in revenue would result in a flow through to operating profit.

FOOD CHEMICALS

Revenue increased by 13,6% to R395,6 million (December 2017: R348,2 million) mainly due to higher stock levels available for sale and a drive to win deals and maintain/improve market share in a tough environment. Gross profit margins decreased to 15,5% (December 2017: 17,9%) as a direct result of pricing strategies and exchange rate movement. The gross profit amounted to R61,5 million compared to the prior year of R62,4 million. Management are continuously trying to balance margin percentage with market share and believe the strategy applied to be appropriate.

Net operating profit for the year amounted to R38,9 million (December 2017: R38,7 million).

INDUSTRIAL CHEMICALS

Revenue increased by 15,1% to R221,5 million (December 2017: R192,4 million). Gross margin decreased to 17,9% (December 2017: 20,0%) resulting in a gross profit of R39,5 million (December 2017: R38,4 million); an increase of R1,1 million. The decrease in gross margin was consistent across both the bulk industrial chemicals and the more specialised leather solutions due to a competitive environment with pricing pressure across the board.

Operating costs remained well controlled and resulted in a net operating profit of R20,7 million (December 2017: R20,5 million). The results are impacted by R0,9 million legal fees in preparation for court proceedings relating to the case previously disclosed under provision for claims. The matter is ongoing and the court case proceeded on 28 January 2019 but the matter has been postponed in favour of a binding arbitration process.

COLOUR

Revenue increased by 19,3% to R43,9 million (December 2017: R36,8 million) gross profit achieved was R7,2 million representing a margin of 16,3%. The Colour division was previously impacted by inventory impairments. The focus

is on the reintroduction of a full basket of goods while targeting a reduced working capital requirement over a period of time. The management team has made reasonable progress in this regard with inventory reducing to R24,7 million (December 2017: R32,4 million).

The division delivered an operating profit for the first time in years and although modest at R1,2 million the business is heading in the right direction. Improving working capital utilisation and the return on capital remains a focus area.

WATER

Revenue decreased by 16,3% to R20,1 million (December 2017: R24,0 million) as the comparative period still had a contribution from the Botswana business which has since closed. The lower revenue is disappointing as the business relies significantly on tenders which in the current environment are continuously delayed. The quality of business, however, has significantly improved and has resulted in an increase in gross profit of R1,0 million.

The Water business, which has a predominantly fixed cost base and strong intellectual property, had numerous successes recently and despite the long lead time for tender awards, momentum is being gained.

OTHER

The Other division within the segmental analysis includes the Jet Park property, Zambia and head office expenses. The operating loss for this segment amounted to R17,4 million (December 2017: R21,2 million); it should however be noted that the comparative period included non-recurring costs.

OPERATING ENVIRONMENT AND PROSPECTS

Our strategy remains focused on developing sustainable businesses delivering long term growth. The group has made good progress in a tough operating environment and have concentrated on maximising market share and working capital management during this time. The rationalisation of foreign operations was the final step in refining our strategy and going back to basics. We will continue to focus on our South African businesses by adding new products, leveraging off our customer base and distribution capabilities, and increase our African revenues through direct exports. In the current difficult economic environment the Board expects the Group to continue trading satisfactorily.

Any forward looking statements in this announcement have not been reviewed and reported on by the Company's auditors.

DIVIDENDS

Notice is given that an interim gross cash dividend of 4 cents per share in respect of the six months ended 31 December 2018 has been declared payable, from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 5 April 2019. The details of the dividend are presented under note 6 subsequent events.

CHANGES TO THE BOARD

No changes to the Board during the current period.

On behalf of the Board

MS Teke RM Buttle
Chairman Chief Executive Officer

4 March 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at

| Unaudited 31 December | Unaudited 31 December | Audited 30 June |
|--------------------------|--------------------------|--------------------|
|--------------------------|--------------------------|--------------------|

| | 2018 R'000 | 2017 R'000 | 2018 R'000 |
|---|---------------|---------------|---------------|
| ASSETS | | | |
| Non-current assets | 354 536 | 398 853 | 356 432 |
| Property, plant and equipment | 88 118 | 103 443 | 86 612 |
| Intangible assets and goodwill | 251 284 | 269 985 | 251 688 |
| Deferred tax asset | 15 134 | 25 425 | 18 132 |
| Current assets | 704 979 | 737 606 | 667 216 |
| Inventories | 338 586 | 351 361 | 334 739 |
| Trade and other receivables | 299 923 | 304 162 | 250 533 |
| Derivative asset | 90 | - | 6 454 |
| Cash and cash equivalents | 57 295 | 76 800 | 43 148 |
| Current tax asset | 9 085 | 5 283 | 10 205 |
| | 704 979 | 737 606 | 645 079 |
| Assets classified as held for sale | - | - | 22 137 |
| Total assets | 1 059 515 | 1 136 459 | 1 023 648 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Stated capital | 207 721 | 207 721 | 207 721 |
| Retained earnings | 284 993 | 299 056 | 260 313 |
| Share-based payment reserve | 4 548 | - | 2 496 |
| Foreign currency translation reserve | (1 062) | (423) | (1 679) |
| Owners of the parent | 496 200 | 506 354 | 468 851 |
| Non-controlling interest | - | (5 327) | - |
| Total equity | 496 200 | 501 027 | 468 851 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 281 540 | 283 771 | 233 509 |
| Deferred tax liability | 256 765 | 244 389 | 208 395 |
| Provisions | 16 698 | 25 676 | 17 155 |
| Current liabilities | 8 077 | 13 706 | 7 959 |
| Trade and other payables | 281 775 | 351 661 | 321 288 |
| Derivative liability | 253 982 | 304 365 | 284 143 |
| Interest-bearing liabilities | 380 | 9 338 | - |
| Current tax liability | 26 895 | 34 547 | 26 562 |
| | 518 | 3 411 | 835 |
| | 281 775 | 351 661 | 311 540 |
| Liabilities directly associated with assets classified as held for sale | - | - | 9 748 |
| Total equity and liabilities | 1 059 515 | 1 136 459 | 1 023 648 |
| Ratios | | | |
| NAV per share | 3,08 | 3,11 | 2,91 |
| Tangible NAV per share | 1,52 | 1,43 | 1,35 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period ended

| | Unaudited 6 months 31 December 2018 R'000 | Unaudited 6 months 31 December 2017 R'000 | Audited 12 months 30 June 2018 R'000 |
|-----------------------|---|---|--|
| Continuing operations | | | |
| Revenue | 833 084 | 734 015 | 1 421 648 |
| Cost of sales | (661 108) | (567 068) | (1 132 489) |
| Gross profit | 171 976 | 166 947 | 289 159 |

| | | | |
|---|-----------|-----------|-----------|
| Other income | 5 920 | 5 789 | 13 988 |
| Operating expenses | (114 465) | (123 024) | (256 469) |
| Impairment of trade and other receivables | (524) | (2 023) | (3 511) |
| Share-based payment expense | (2 052) | - | (2 496) |
| Operating profit before interest | 60 855 | 47 689 | 40 671 |
| Finance income | 763 | 430 | 1 309 |
| Finance cost | (14 947) | (13 476) | (29 558) |
| Profit before taxation | 46 671 | 34 643 | 12 422 |
| Income tax | (15 771) | (9 092) | (12 717) |
| (Loss)/profit from continuing operations | 30 900 | 25 551 | (295) |
| Discontinued operations | | | |
| Loss from discontinued operations, net of tax | 232 | (3 990) | (583) |
| (Loss)/profit | 31 132 | 21 561 | (878) |
| Other comprehensive (loss)/income, net of taxation | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translating of foreign operations | 617 | 274 | (982) |
| Total comprehensive (loss)/income | 31 749 | 21 835 | (1 860) |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the parent | 31 132 | 23 719 | 1 494 |
| Non-controlling interest | - | (2 158) | (2 372) |
| | 31 132 | 21 561 | (878) |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of parent | 31 749 | 23 993 | 512 |
| Non-controlling interest | - | (2 158) | (2 372) |
| | 31 749 | 21 835 | (1 860) |

RECONCILIATION OF EARNINGS HEADLINE EARNINGS AND DIVIDENDS PROPOSED/PAID

| | Unaudited for the period ended 31 December 2018 R'000 | Unaudited for the period ended 31 December 2017 R'000 | Audited for the period ended 30 June 2018 R'000 |
|--|--|--|--|
| Continuing operations | | | |
| Earnings | 30 900 | 27 709 | 2 077 |
| Adjusted for: | | | |
| (Gain) from sale of property, plant and equipment (net) | (423) | (99) | (756) |
| (Gain) from sale of property, plant and equipment (gross) | (587) | (139) | (1 050) |
| (Gain) from sale of property, plant and equipment (tax) | 164 | 40 | 294 |
| Loss from sale of property, plant and equipment (net) | 23 | - | - |
| Loss from sale of property, plant and equipment (gross) | 32 | - | - |
| Loss from sale of property, plant and equipment (tax) | (9) | - | - |
| Impairment property, plant and equipment (gross) | - | - | 2 364 |
| Impairment goodwill (gross) | - | - | 16 652 |
| Headline earnings | 30 500 | 27 610 | 20 337 |
| Opening balance (number of shares) ('000) | 161 943 | 161 943 | 161 943 |
| Treasury share (number of shares) ('000) | (641) | (641) | (641) |
| Weighted average number of shares used in basic earnings per share and headline earnings per share ('000) | 161 302 | 161 302 | 161 302 |
| Dilutive shares | 1 763 | - | 648 |
| Weighted average number of shares used in diluted earnings per share and diluted headline earnings per share ('000) | 163 065 | 161 | 162 |
| - Earnings (basic) (cents) | 19,16 | 17,18 | 1,29 |

| | | | |
|---|---------|---------|---------|
| - Earnings (diluted) (cents) | 18,95 | 17,18 | 1,28 |
| - Headline earnings (basic) (cents) | 18,91 | 17,12 | 12,61 |
| - Headline earnings (diluted) (cents) | 18,70 | 17,12 | 12,56 |
| Discontinued operations | | | |
| Earnings | 232 | (3 990) | (583) |
| Adjusted for: | | | |
| (Gain) from sale of property, plant and equipment (net) | - | (4) | (3) |
| (Gain) from sale of property, plant and equipment (gross) | - | (4) | (4) |
| (Gain) from sale of property, plant and equipment (tax) | - | - | 1 |
| Loss from sale of property, plant and equipment (net) | 655 | - | - |
| Loss from sale of property, plant and equipment (gross) | 910 | - | - |
| Loss from sale of property, plant and equipment (tax) | (255) | - | - |
| Headline earnings | 887 | (3 994) | (586) |
| Opening balance (number of shares) ('000) | 161 943 | 161 943 | 161 943 |
| Treasury share (number of shares) ('000) | (641) | (641) | (641) |
| Weighted average number of shares used in basic earnings per share and headline earnings per share ('000) | 161 302 | 161 302 | 161 302 |
| Dilutive shares | 1 763 | - | 648 |
| Weighted average number of shares used in diluted earnings per share and diluted headline earnings per share ('000) | 163 065 | 161 302 | 161 950 |
| - Earnings (basic) (cents) | 0,14 | (2,47) | (0,36) |
| - Earnings (diluted) (cents) | 0,14 | (2,47) | (0,36) |
| - Headline earnings (basic) (cents) | 0,55 | (2,48) | (0,36) |
| - Headline earnings (diluted) (cents) | 0,54 | (2,48) | (0,36) |

| | Unaudited for the period ended 31 December 2018 R'000 | GROUP Unaudited for the period ended 31 December 2017 R'000 | Audited for the period ended 30 June 2018 R'000 |
|---|--|---|--|
| Earnings | 31 132 | 23 719 | 1 494 |
| Adjusted for: | | | |
| (Gain) from sale of property, plant and equipment (net) | (423) | (103) | (759) |
| (Gain) from sale of property, plant and equipment (gross) | (587) | (143) | (1 054) |
| (Gain) from sale of property, plant and equipment (tax) | 164 | 40 | 295 |
| Loss from sale of property, plant and equipment (net) | 679 | - | - |
| Loss from sale of property, plant and equipment (gross) | 943 | - | - |
| Loss from sale of property, plant and equipment (tax) | (264) | - | - |
| Impairment property, plant and equipment (gross) | - | - | 2 364 |
| Impairment intangible assets and goodwill (gross) | - | - | 16 652 |
| Headline earnings | 31 388 | 23 616 | 19 751 |
| Opening balance (number of shares) ('000) | 161 943 | 161 943 | 161 943 |
| Treasury share (number of shares) ('000) | (641) | (641) | (641) |
| Weighted average number of shares used in basic earnings per share and headline earnings per share ('000) | 161 302 | 161 302 | 161 302 |
| Dilutive shares | 1 763 | - | 648 |
| Weighted average number of shares used in diluted earnings per share and diluted headline earnings per share ('000) | 163 065 | 161 302 | 161 950 |
| - Earnings (basic) (cents) | 19,30 | 14,71 | 0,93 |
| - Earnings (diluted) (cents) | 19,09 | 14,71 | 0,92 |
| - Headline earnings (basic) (cents) | 19,46 | 14,64 | 12,24 |

| | | | |
|---------------------------------------|-------|-------|-------|
| - Headline earnings (diluted) (cents) | 19,25 | 14,64 | 12,20 |
| Dividends | | | |
| - Interim proposed/paid (cents) | 4 | 4 | 4 |
| - Final paid (cents) | - | - | 4 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended

| | Stated capital R'000 | Retained earnings R'000 | Reserves | | | Total equity R'000 |
|---|----------------------------|-------------------------------|--|--|--|--------------------------|
| | | | Share- based payment reserve R'000 | Foreign currency translation reserve R'000 | Non- controlling interest R'000 | |
| Balance at 30 June 2017 (audited) | 207 721 | 281 778 | - | (697) | (3 169) | 485 633 |
| Total comprehensive income for the year | - | 23 719 | - | 274 | (2 158) | 21 835 |
| Dividends paid | - | (6 441) | - | - | - | (6 441) |
| Balance at 31 December 2017 (unaudited) | 207 721 | 299 056 | - | (423) | (5 327) | 501 027 |
| Total comprehensive (loss)/income for the year | - | (22 225) | - | (1 256) | (214) | (23 695) |
| Share-based payment expense | - | - | 2 496 | - | - | 2 496 |
| Dividends paid | - | (6 478) | - | - | - | (6 478) |
| Acquisition of non-controlling interest | - | (10 040) | - | - | 5 541 | (4 499) |
| Balance at 30 June 2018 (audited) | 207 721 | 260 313 | 2 496 | (1 679) | - | 468 851 |
| Total comprehensive income for the year | - | 31 132 | - | 617 | - | 31 749 |
| Dividends paid | - | (6 452) | - | - | - | (6 452) |
| Share-based payment expense | - | - | 2 052 | - | - | 2 052 |
| Balance at 31 December 2018 (unaudited) | 207 721 | 284 993 | 4 548 | (1 062) | - | 496 200 |

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended

| | GROUP | | |
|---|--|--|---|
| | Unaudited 6 months 31 December 2018 | Unaudited 6 months 31 December 2017 | Audited 12 months 30 June 2018 |
| Cash flow (utilised in)/generated from: | | | |
| Cash generated from operations | 71 827 | 59 895 | 102 688 |
| Net working capital movement | (79 042) | (46 215) | (38 446) |
| Operating activities | (7 215) | 13 680 | 64 242 |
| Net finance cost paid | (13 896) | (13 115) | (28 138) |
| Tax paid | (11 146) | (16 643) | (26 334) |
| Cash (utilised in)/generated from operations available for investment and redistribution | (32 257) | (16 078) | 9 770 |
| Dividends paid | (6 452) | (6 452) | (12 919) |
| Cash flow from/(utilised in) investing activities | 3 538 | (6 157) | (9 747) |

| | | | |
|--|----------|----------|----------|
| - Investment in property, plant and equipment | (5 041) | (2 526) | (3 895) |
| - Investment in intangible assets | (3 071) | (3 631) | (5 852) |
| - Proceeds from sale of assets and liabilities held for sale | 11 650 | - | - |
| Cash flow from/(utilised in) financing activities | 48 703 | 33 244 | (14 486) |
| - Interest-bearing liabilities raised | 62 823 | 43 244 | 10 537 |
| - Interest-bearing liabilities repaid | (14 120) | (10 000) | (20 523) |
| - Minority buy-outs | - | - | (4 500) |
| Cash generated/(deficit) for the period | 13 532 | 4 557 | (27 382) |
| Effects of exchange rate fluctuations on translation of foreign operations | 615 | 273 | (1 440) |
| Cash and cash equivalents | | | |
| - Beginning of the period | 43 148 | 71 970 | 71 970 |
| - End of the period | 57 295 | 76 800 | 43 148 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF ACCOUNTING AND PREPARATION

1.1 INTRODUCTION

The unaudited condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited's Listings Requirements for reports and the requirements of the Companies Act of South Africa. The Listings Requirements require reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated audited financial statements, except for the changes noted below.

1.2 CHANGES IN ACCOUNTING POLICIES

The adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts from Customers, which became effective from 1 July 2018 for the Group, has not had a material impact on the financial position or performance of the Group. No transition adjustments have been recognised in retained earnings.

IFRS 9 Financial Instruments

IFRS 9 is the new financial instrument accounting standard and includes the requirements for classification and measurement of financial assets, the impairment and derecognition of financial assets, as well as general hedge accounting.

The classification and measurement of the Group's financial assets has remained the same as under IAS 39, except for:

- the measurement of the loss allowances relating to trade and other receivables.

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses (ECLs).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables are presented separately in profit or loss. As a result, the Group reclassified impairment losses amounting to R2,0 million (Jun 2018: R3,5 million), recognised under IAS 39, from operating expenses to impairment loss on trade receivables in profit or loss.

The Group has taken an exemption not to restate comparative information for prior periods in respect of measurement, i.e. impairment, requirements. Accordingly, there was no amount recognised in retained earnings and the information presented in 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model for entities to use in accounting for revenue arising from contracts with customers. The new standard is based on the principle that revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard supersedes all current revenue recognition requirements under IFRS.

The Group adopted IFRS 15 using the cumulative effect method (without practical expedients). Accordingly, the information presented for 2017 has not been restated. A full analysis was performed on the revenue streams of the Group, concluding that there is no material change to revenue recognition under IFRS 15 from IAS 18.

2. FINANCIAL PREPARATION AND REVIEW

The unaudited condensed consolidated interim financial statements for the period ended 31 December 2018 have been prepared by Rolfes Holding Limited's Group financial reporting team. This process was supervised by the Group's Chief Financial Officer, Mr AP Broodryk, and approved by the Rolfes Holdings Limited Board of directors on 4 March 2019.

3. SEGMENT REPORT

Segmental analysis for the year ended 31 December 2018

| | Agri- culture Dec 2018 R'000 | Food Dec 2018 R'000 | Chemicals Dec 2018 R'000 | Colour Dec 2018 R'000 | Water Dec 2018 R'000 | Other Dec 2018 R'000 | Total (continuing) Dec 2018 R'000 | Dis- continued (Silica) Dec 2018 R'000 | Total Dec 2018 R'000 |
|----------------------------------|---------------------------------------|---------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|--|--|----------------------------|
| Total revenue | 167 062 | 395 568 | 221 502 | 43 883 | 20 138 | 18 258 | 866 411 | - | 866 411 |
| - External revenue | 165 405 | 390 082 | 197 885 | 41 395 | 20 059 | 18 258 | 833 084 | - | 833 084 |
| - Inter-segment revenue | 1 657 | 5 486 | 23 617 | 2 488 | 79 | - | 33 327 | - | 33 327 |
| Gross profit | 49 256 | 61 519 | 39 547 | 7 158 | 12 905 | 1 591 | 171 976 | - | 171 976 |
| EBITDA | 20 366 | 39 659 | 21 179 | 1 706 | 800 | (13 962) | 69 748 | (25) | 69 723 |
| HEPS adjustments | 255 | (18) | 147 | (14) | 177 | 8 | 555 | (910) | (355) |
| Depreciation and amortisation | (3 144) | (788) | (643) | (509) | (953) | (1 357) | (7 394) | - | (7 394) |
| Share-based payment expense | - | - | - | - | - | (2 052) | (2 052) | - | (2 052) |
| PBIT | 17 477 | 38 853 | 20 683 | 1 183 | 24 | (17 363) | 60 857 | (935) | 59 922 |
| Total assets | 324 543 | 440 996 | 162 463 | 54 654 | 37 431 | 37 500 | 1 057 587 | 1 928 | 1 059 515 |
| Total liabilities | (65 674) | (143 240) | (69 901) | (10 922) | (11 657) | (261 563) | (562 957) | (358) | (563 315) |
| NAV | 258 869 | 297 756 | 92 562 | 43 732 | 25 774 | (224 063) | 494 630 | 1 570 | 496 200 |
| Inventories | 97 804 | 157 145 | 56 311 | 24 667 | 3 789 | (1 129) | 338 587 | - | 338 587 |
| Trade receivables | 65 969 | 143 297 | 59 226 | 15 209 | 6 210 | 6 882 | 296 793 | 416 | 297 209 |
| Trade payables | (46 328) | (136 104) | (56 260) | (8 321) | (8 959) | 23 323 | (232 649) | (176) | (232 825) |
| Net working capital | 117 445 | 164 338 | 59 277 | 31 555 | 1 040 | 29 076 | 402 731 | 240 | 402 971 |

Segmental analysis for the year ended 31 December 2017

| | Agri- culture Dec 2017 | Food Dec 2017 | Chemicals Dec 2017 | Colour Dec 2017 | Water Dec 2017 | Other Dec 2017 | Total (continuing) Dec 2017 | Dis- continued (Silica) Dec 2017 | Total Dec 2017 |
|--|------------------------------|------------------|-----------------------|--------------------|-------------------|-------------------|-----------------------------------|---|-------------------|
|--|------------------------------|------------------|-----------------------|--------------------|-------------------|-------------------|-----------------------------------|---|-------------------|

| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
|-------------------------------|-----------|-----------|----------|----------|----------|-----------|-----------|----------|-----------|
| Total revenue | 164 301 | 348 187 | 192 431 | 36 757 | 24 046 | 15 537 | 781 259 | 1 263 | 782 522 |
| - External revenue | 160 859 | 336 761 | 167 582 | 31 857 | 21 419 | 15 537 | 734 015 | 1 263 | 735 278 |
| - Inter-segment revenue | 3 442 | 11 426 | 24 849 | 4 900 | 2 627 | - | 47 244 | - | 47 244 |
| Gross profit/(loss) | 48 292 | 62 437 | 38 419 | 3 760 | 11 899 | 2 139 | 166 946 | (2 327) | 164 619 |
| EBITDA | 22 386 | 39 152 | 21 223 | (3 483) | (4 897) | (20 554) | 53 827 | (4 149) | 49 678 |
| HEPS adjustments | - | (64) | - | 125 | 79 | - | 140 | 4 | 144 |
| Depreciation and amortisation | (2 853) | (411) | (701) | (654) | (1 030) | (628) | (6 277) | (645) | (6 922) |
| IFRS 2 expense | - | - | - | - | - | - | - | - | - |
| PBIT | 19 533 | 38 677 | 20 522 | (4 012) | (5 848) | (21 182) | 47 690 | (4 790) | 42 900 |
| Total assets | 337 986 | 414 241 | 180 758 | 69 498 | 54 715 | 58 230 | 1 115 428 | 21 031 | 1 136 459 |
| Total liabilities | (105 293) | (137 525) | (90 872) | (18 919) | (18 340) | (247 382) | (618 331) | (17 101) | (635 432) |
| NAV | 232 693 | 276 716 | 89 886 | 50 579 | 36 375 | (189 152) | 497 097 | 3 930 | 501 027 |
| Inventories | 100 018 | 139 189 | 61 124 | 32 379 | 4 244 | 3 871 | 340 825 | 10 537 | 351 362 |
| Trade receivables | 80 850 | 133 463 | 70 783 | 11 012 | 11 356 | (18 339) | 289 125 | 657 | 289 782 |
| Trade payables | (74 913) | (124 423) | (78 755) | (16 446) | (7 380) | 32 293 | (269 624) | (1 557) | (271 181) |
| Net working capital | 105 955 | 148 229 | 53 152 | 26 945 | 8 220 | 17 825 | 360 326 | 9 637 | 369 963 |

Segmental analysis for the year ended 30 June 2018

| | Agri-culture Jun 2018 R'000 | Food Jun 2018 R'000 | Chemicals Jun 2018 R'000 | Colour Jun 2018 R'000 | Water Jun 2018 R'000 | Other Jun 2018 R'000 | Total (continuing) Jun 2018 R'000 | Dis-continued (Silica) Jun 2018 R'000 | Total Jun 2018 R'000 |
|-------------------------------|-----------------------------------|---------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|--|--|----------------------------|
| Total revenue | 285 810 | 673 108 | 396 301 | 74 713 | 41 944 | 29 900 | 1 501 776 | 1 307 | 1 503 083 |
| - External revenue | 276 502 | 656 779 | 355 410 | 63 244 | 39 812 | 29 900 | 1 421 647 | 1 307 | 1 422 954 |
| - Inter-segment revenue | 9 308 | 16 329 | 40 891 | 11 469 | 2 132 | - | 80 129 | - | 80 129 |
| Gross profit | 67 080 | 110 217 | 77 609 | 7 928 | 22 758 | 3 568 | 289 160 | - | 289 160 |
| EBITDA | 18 029 | 64 171 | 39 918 | (3 700) | (7 628) | (35 265) | 75 525 | (77) | 75 448 |
| HEPS adjustments | (714) | (76) | (83) | (5 621) | (5 328) | (6 144) | (17 966) | 4 | (17 962) |
| Depreciation and amortisation | (6 353) | (1 192) | (1 386) | (1 386) | (2 300) | (1 775) | (14 392) | (753) | (15 145) |
| IFRS 2 expense | (317) | (319) | (476) | - | (239) | (1 145) | (2 496) | - | (2 496) |
| PBIT | 10 645 | 62 584 | 37 973 | (10 707) | (15 495) | (44 329) | 40 671 | (826) | 39 845 |
| Total assets | 276 479 | 383 922 | 198 724 | 52 851 | 39 882 | 50 978 | 1 002 836 | 20 812 | 1 023 648 |
| Total liabilities | (60 430) | (137 646) | (96 780) | (7 331) | (11 227) | (229 713) | (543 127) | (11 670) | (554 797) |
| NAV | 216 049 | 246 276 | 101 944 | 45 520 | 28 655 | (178 735) | 459 709 | 9 142 | 468 851 |
| Inventories | 82 430 | 127 288 | 86 306 | 29 790 | 3 726 | 5 198 | 334 738 | - | 334 738 |
| Trade receivables | 45 721 | 111 506 | 58 677 | 11 629 | 6 162 | (289) | 233 406 | 638 | 234 044 |
| Trade payables | (35 872) | (129 510) | (82 021) | (4 632) | (5 355) | 8 285 | (249 105) | (716) | (249 821) |
| Net working capital | 92 278 | 109 284 | 62 962 | 36 787 | 4 533 | 13 194 | 319 039 | (78) | 318 961 |

4. REVENUE

The Group manufactures or procures and sells:

- Speciality fertilisers, adjuvants and remedies from its Agriculture division.
- Food ingredient chemicals and personal care chemicals from its Food as well as Other divisions.
- Industrial solvents and commodity chemicals, speciality chemicals as well as water treatment chemicals from its Chemicals and Other divisions.
- Solvent and water-based products as well as traded products from its Colour and Other divisions.

- The Water division provides value-added services and solutions (including chemicals products) to its customers in the commercial cooling and industrial and mining industries.

Sales from these products are recognised when control is transferred to the customer. Transfer of control is dependent on each contract. In some contracts, transfer of control of the product takes place when the product is collected from Group entities while in others it is upon delivery to the customer.

The Group does not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, as allowed by the practical expedient in IFRS 15, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from providing services (in the Water division) is recognised over a period of time. Revenue is recognised based on the actual services and goods provided to the customer as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Invoicing is done monthly on actual services provided to date and the consideration is payable when invoiced. There is not a practice to invoice in advance for performance obligations and accordingly at the reporting date there are no outstanding performance obligations.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Revenue per regions for the period ended 31 December 2018

| | Agricultural | Food | Chemicals | Colour | Water | Other | Continuing operations |
|-------------------------|--------------|----------|-----------|----------|----------|----------|-----------------------|
| | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| South Africa | 153 541 | 353 241 | 212 375 | 41 753 | 20 138 | - | 781 048 |
| Africa | 5 222 | 42 327 | 9 127 | 2 130 | - | 18 258 | 77 064 |
| International | 8 299 | - | - | - | - | - | 8 299 |
| Total (gross) | 167 062 | 395 568 | 221 502 | 43 883 | 20 138 | 18 258 | 866 411 |
| - Inter-segment revenue | 1 657 | 5 486 | 23 617 | 2 488 | 79 | - | 33 327 |
| - External revenue | 165 405 | 390 082 | 197 885 | 41 395 | 20 059 | 18 258 | 833 084 |

Revenue per regions for the year ended 31 December 2017

| | Agricultural | Food | Chemicals | Colour | Water | Other | Continuing operations |
|-------------------------|--------------|----------|-----------|----------|----------|----------|-----------------------|
| | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| South Africa | 139 988 | 311 103 | 179 513 | 32 968 | 22 016 | - | 685 588 |
| Africa | 11 927 | 37 084 | 12 918 | 3 208 | 2 030 | 15 537 | 82 704 |
| International | 12 386 | - | - | 581 | - | - | 12 967 |
| Total (gross) | 164 301 | 348 187 | 192 431 | 36 757 | 24 046 | 15 537 | 781 259 |
| - Inter-segment revenue | 3 442 | 11 426 | 24 849 | 4 900 | 2 627 | - | 47 244 |
| - External revenue | 160 859 | 336 761 | 167 582 | 31 857 | 21 419 | 15 537 | 734 015 |

Revenue per regions for the year ended 30 June 2018

| | Agricultural | Food | Chemicals | Colour | Water | Other | Continuing operations |
|--------------|--------------|----------|-----------|----------|----------|----------|-----------------------|
| | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| South-Africa | 243 509 | 598 297 | 369 511 | 64 905 | 40 011 | - | 1 316 233 |

| | | | | | | | |
|-------------------------|---------|---------|---------|--------|--------|--------|-----------|
| Africa | 18 302 | 74 811 | 26 673 | 8 019 | 1 933 | 29 900 | 159 638 |
| International | 23 999 | - | 117 | 1 789 | - | - | 25 905 |
| Total (gross) | 285 810 | 673 108 | 396 301 | 74 713 | 41 944 | 29 900 | 1 501 776 |
| - Inter-segment revenue | 9 308 | 16 329 | 40 891 | 11 469 | 2 132 | - | 80 129 |
| - External revenue | 276 502 | 656 779 | 355 410 | 63 244 | 39 812 | 29 900 | 1 421 647 |

Revenue (timing of recognition) for the period ended 31 December 2018

| | Agricultural | Food | Chemicals | Colour | Water | Other | Continuing operations Group |
|-------------------------|--------------|----------|-----------|----------|----------|----------|-----------------------------|
| | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 | Dec 2018 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| At a point in time | 167 062 | 395 568 | 221 502 | 43 883 | - | 18 258 | 846 273 |
| Over a period | - | - | - | - | 20 138 | - | 20 138 |
| Total | 167 062 | 395 568 | 221 502 | 43 883 | 20 138 | 18 258 | 866 411 |
| - Inter-segment revenue | 1 657 | 5 486 | 23 617 | 2 488 | 79 | - | 33 |
| - External revenue | 165 405 | 390 082 | 197 885 | 41 395 | 20 059 | 18 258 | 833 084 |

Revenue (timing of recognition) for the period 31 December 2017

| | Agricultural | Food | Chemicals | Colour | Water | Other | Continuing operations Group |
|-------------------------|--------------|----------|-----------|----------|----------|----------|-----------------------------|
| | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 | Dec 2017 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| At a point in time | 164 301 | 348 187 | 192 431 | 36 757 | - | 15 537 | 757 213 |
| Over a period | - | - | - | - | 24 046 | - | 24 046 |
| Total | 164 301 | 348 186 | 192 431 | 36 757 | 24 046 | 15 537 | 781 259 |
| - Inter-segment revenue | 3 442 | 11 426 | 24 849 | 4 900 | 2 627 | - | 47 244 |
| - External revenue | 160 859 | 336 761 | 167 582 | 31 857 | 21 419 | 15 537 | 734 015 |

Revenue (timing of recognition) for the period ended 30 June 2018

| | Agricultural | Food | Chemicals | Colour | Water | Other | Group |
|-------------------------|--------------|----------|-----------|----------|----------|----------|-----------|
| | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 | Jun 2018 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| At a point in time | 285 810 | 673 108 | 396 301 | 74 713 | - | 29 900 | 1 459 832 |
| Over a period | - | - | - | - | 41 944 | - | 41 944 |
| Total | 285 810 | 673 108 | 396 301 | 74 713 | 41 944 | 29 900 | 1 501 776 |
| - Inter-segment revenue | 9 308 | 16 329 | 40 891 | 11 469 | 2 132 | - | 80 129 |
| - External revenue | 276 502 | 656 779 | 355 410 | 63 244 | 39 812 | 29 900 | 1 421 647 |

5. FAIR VALUE DISCLOSURE

The Group does not have any material items reported at fair value at the year end. Certain financial instruments, being forward exchange contracts are measured using level 2 inputs, and presented under derivative assets and liabilities.

6. SUBSEQUENT EVENTS

Cash dividend declaration

In accordance with Board policy to review dividend payments to shareholders at the end of each reporting period, notice is hereby given that the Board declared an interim gross cash dividend of 4 cents per ordinary share for year ended 31 December 2018. The dividend will be payable to shareholders recorded

in the register of the Company at the close of business on the record date appearing below.

The number of ordinary shares in issue at the date of this declaration is 161 942 800 (which includes 641 332 treasury shares).

The salient dates applicable to the final dividend are as follows:

| | |
|-------------------------------------|-------------------------|
| Declaration date | Monday, 4 March 2019 |
| Last date to trade cum dividend | Tuesday, 2 April 2019 |
| Shares commence trading ex-dividend | Wednesday, 3 April 2019 |
| Record date | Friday, 5 April 2019 |
| Payment date | Monday, 8 April 2019 |

In accordance with paragraphs 11.17(c)(i) to (x) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The local dividend tax rate is 20%;
- The dividends will be paid from cash reserves;
- The gross dividend to be used in determining the dividend tax is 4 cents per ordinary share;
- The dividend tax to be withheld by the Company is equal to 0,8 cents per ordinary share;
- The gross dividend amount is 4 cents per ordinary share for shareholders exempt from dividend tax;
- The net dividend amount is 3,2 cents per ordinary share for shareholders not exempt from dividend tax; and
- Rolfes Holdings Limited's income tax reference number is 9492/089/14/0.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, payment cheques will be posted to certificated shareholders at their risk on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

No share certificates may be dematerialised or rematerialised between Wednesday, 3 April 2019 and Friday, 5 April 2019 both days inclusive.

There are no additional material events, other than those reported in this announcement, that have occurred between 31 December 2018 and the date of this report which may have a material impact on the understanding of this report and the financial information presented.

CORPORATE INFORMATION

REGISTERED OFFICE

First floor, The Oval West, Wanderers Office Park 52 Corlett Drive, Illovo, 2196

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

DIRECTORS

MS Teke*, (Chairman), RM Buttle (Chief Executive Officer), AP Broodryk (Chief Financial Officer), SS Mafoyane *# (Lead Independent Director), MM Dyasi*#, DM Mncube*#, MG Mokoka*#, CS Seabrooke*, JR Winer*

* Non-executive # Independent

COMPANY SECRETARY

CorpStat Governance Services Proprietary Limited

PREPARED BY

RM Buttle and AP Broodryk

SPONSORS

Grindrod Bank Limited

REGISTERED AUDITORS

KPMG Inc.

www.rolfesza.com