Rolfes GROUP

Rolfes Holdings Limited

2018 SUMMARISED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2018

Derived from the audited consolidated financial statements

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 decreased by **1,1%** to **R1,422 billion**

Normalised headline earnings from continuing operations decreased by **31,3%** to **34,7 cents per share**

Final dividend declared of **4 cents per share** maintaining a full year dividend of **8 cents per share**

Strategic issues addressed and **repositioned for growth**

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 is to focus on the core businesses, their stability and organic growth.

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, 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 commercial cooling and the industrial sectors. Opportunities exist within petrochemical, primary metals, sugar and mining industries.

Group financial review

Continuing operations revenue decreased by 1,1% to R1,422 billion (June 2017: R1,437 billion). Revenue was negatively impacted by the poor first quarter due to focus on prior year matters and working capital management issues. The second and third quarters reflected a recovery, while the fourth quarter was tough due to the general economic environment, poor trading conditions, most specifically in the Agricultural division, and the finalisation of the restructuring of the relevant management teams.

The revenue for the discontinued Silica mining operation was incidental at R1,3 million (June 2017: R47,6 million) and the mine was sold, subject to the section 11 approval by the Department of Mineral resources; the approval has not been received and as such the assets and liabilities are presented as "Held for sale on the consolidated statement of financial position". The proceeds from the mine will amount to R7,5 million and there will be no profit or loss in respect of this transaction.

COMMENTARY (continued)

Gross profit for continuing operations decreased by 3,4% to R289,2 million (June 2017: R299,3 million) and resulted in a margin of 20,3%, slightly down on the 2017 year of 20,8%. The reduction in margin percentage was partially due to the impairment of inventory due to a more conservative management approach when assessing asset value. The normalised margin amounts to 21,9% and management is comfortable that the margin is sustainable and the group has capacity for future growth in all major divisions.

Normalised operating profit from continuing operations, before once-off impairments and non-recurring costs, decreased by 20,9% to R108,0 million (June 2017: R136,5 million) at a margin of 7,6% of revenue (June 2017: 9,5%). Once-off impairments and non-recurring costs impacting continuing operations on an operating profit level are reflected on the normalised earnings table below. Management is focused in improving the operating margin and believes the foundation is set for the future. The current year's trading was impacted by lost business in various areas and the focus has been on ensuring the divisions are correctly positioned, suitably staffed, appropriately structured for growth and delivering sustainable earnings.

Net finance costs amounting to R28,2 million increased by 8,8% from R25,9 million in 2017; this is a direct result of the increased net debt which was R191,8 million as at 30 June 2018 compared to R173,7 million as at 30 June 2017. The increased debt is to ensure a more appropriate inventory level is in place during the peak season in 2019, mitigating against potential lost sales due to stock shortages. Inventory levels as at 30 June 2018 are R334,7 million compared to R275,6 million for 2017.

There is significant attention given to managing the return on capital employed at a business unit level so as to maximise returns for shareholders.

Earnings decreased to R1,5 million (June 2017: R11,5 million) and headline earnings decreased to R19,8 million (June 2017: R33,2 million). Headline earnings per share for continuing operations decreased to 12,6 cents per share (June 2017: 41,0 cents per share). Earnings and headline earnings were materially impacted by impairments and non-recurring items.

The directors believe that normalised headline earnings per share from continuing operations remain the most meaningful measure for evaluating the group's operational performance. Normalised headline earnings amounted to R55,2 million (June 2017: R81,4 million). Normalised headline earnings per share decreased by 31,3% to 34,7 cents (June 2017: 50,5 cents). Normalised headline earnings are defined as headline earnings from continuing operations excluding non-recurring items, once-off costs, impairments and adjustments.

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

Normalised headline earnings per share

Group audited

	Group Audited as at 30 June 2018 R'000	Continuing operations Audited as at 30 June 2018 R'000	Dis-continued operations Audited as at 30 June 2018 R'000	Group Audited as at 30 June 2017 R'000	Continuing operations Audited as at 30 June 2017 R'000	Dis-continued operations Audited as at 30 June 2017 R'000
Headline earnings	19 751	20 337	(586)	33 171	66 157	(32 986)
Adjusted for the before-tax effect non-recurring other costs:						
Rehabilitation costs resin plant site	–	–	–	1 792	1 792	–
Impairment of a third-party loan	–	–	–	4 379	4 379	–
Lead chrome pigment write-off	–	–	–	9 375	9 375	–
Non-recurring group costs	4 010	4 010	–	5 625	5 625	–
Excess audit fee	3 000	3 000	–	–	–	–
Staff incentives and settlements	9 486	9 486	–	–	–	–
Site clean-up and renovations	6 268	6 268	–	–	–	–
Provision for claim	5 000	5 000	–	–	–	–
Inventory related impairments	21 632	21 632	–	–	–	–
Total tax effect	(14 501)	(14 501)	–	(5 928)	(5 928)	–
Total after tax effect	34 895	34 895	–	15 243	15 243	–
Normalised headline earnings	54 646	55 232	(586)	48 414	81 400	(32 986)
Normalised headline earnings per share	34,32	34,68	(0,36)	30,01	50,46	(20,45)

COMMENTARY (continued)

To add value to users, the normalised segmental split is reflected below:

	30 June 2018 Revenue R'000	30 June 2018 Normalised GP R'000	30 June 2018 Normalised GP %	30 June 2018 Normalised EBIT R'000
Agriculture	**285 810**	**81 405**	**28,5**	**22 555**
Food chemicals	**673 108**	**110 217**	**16,4**	**70 132**
Chemicals	**396 301**	**77 609**	**19,6**	**46 772**
Colour	**104 613**	**16 733**	**16,0**	**(684)**
Water	**41 944**	**24 974**	**59,5**	**(1 063)**
Other	**62 411**	**(147)**		**(27 185)**
Revenue elimination	**(142 539)**	**–**		**–**
Share-based payment expense	**–**	**–**		**(2 496)**
Continuing operations	**1 421 648**	**310 791**	**21,9**	**108 031**

	30 June 2017 Revenue R'000	30 June 2017 Normalised GP R'000	30 June 2017 Normalised GP %	30 June 2017 Normalised EBIT R'000
Agriculture	293 450	73 546	25,1	25 951
Food chemicals	717 019	126 582	17,7	84 881
Chemicals	368 663	63 876	17,3	40 771
Colour	88 512	14 874	16,8	2 751
Water	51 255	27 548	53,7	4 435
Other	31 047	(415)		(22 316)
Revenue elimination	(112 537)	–		–
Share-based payment expense	–	–		–
Continuing operations	1 437 409	306 011	21,3	136 473

Group cash flow performance

Cash generated from operations, for continuing operations, amounted to R109,2 million (June 2017: R145,5 million). The cash generated is in line with normalised operating profit for continuing operations amounting to R108,0 million in the current year while the prior year was R136,5 million. Net working capital increased by R40,7 million and is represented by an increase in inventory of R92,8 million, an increase in trade and other receivables of R16,0 million and an increase in accounts and other payables of R70,3 million. The management of working capital remains a key focus area with the priority of ensuring we have sufficient stock to trade over peak periods. There however, remains opportunity for improvement in business units not running on optimal stock levels. Net finance costs paid decreased slightly to R28,1 million while tax paid amounted to R26,4 million. Dividends paid amounting to R12,9 million represent the 4 cents paid as a final dividend for 2017 and an interim dividend of 4 cents paid for 2018. Cash utilised in investing activities comprises investment in product development, predominantly relating to the Agricultural division, amounting to R5,9 million (30 June 2017: R14,9 million) and additions to property, plant and equipment amounted to R 3,9 million (30 June 2017: R8,4 million). The cash utilised in financing activities was made up of a net loan repayment of R11,0 million and the acquisition of the minority interest in the Water business of R4,5 million.

Operational review

Agricultural

Revenue decreased by 2,6% to R285,8 million (June 2017: R293,4 million). Gross profit margins decreased to 23,5% (June 2017: 25,1%) due to inventory-related impairments amounting R14,3 million; the normalised gross profit amounted to R81,4 million which equates to 28,5%. The division's performance was partially impacted by drought conditions in the Western Cape and although conditions improved in June 2018 we had not seen the benefit before year end. The divisions' management was restructured to enable a increased focus on sales; this has had a positive impact on the business.

Operating profit was impacted by the inventory impairments as well as more conservative capitalisation methodology relating to intellectual property. The resultant operating profit amounted to R10,6 million (June 2017: R20,5 million) while the normalised operating profit equates to R22,6 million and reflects the sustainable earnings for this division at the reported level of revenue. The business has a fairly fixed cost base and an increase in revenue should result in a good translation through to operating profit.

COMMENTARY (continued)

Food chemicals

Revenue decreased by 6,1% to R673,1 million (June 2017: R717,0 million) mainly due to stock shortages experienced in the first quarter. Gross profit margins decreased to 16,4% (June 2017: 17,7%) as a direct result of product mix, pricing strategies and exchange rate movement. The gross profit amounted to R110,2 million compared to the prior year of R126,6 million. Management is continuously trying to balance margin percentage with market share and feels the 2018 overall margin is more realistic for the industry.

Net operating profit for the year amounted to R62,6 million (June 2017: R 81,5 million).

Growth initiatives include the continued focus on the national expansion and collective export drive of products into southern African countries as well the re-introduction of the personal care products.

Industrial chemicals

Revenue increased by 7,5% to R396,3 million (June 2017: R368,7 million). Gross profit margins increased to 19,6% (June 2017: 17,3%). The increase was consistent across both the bulk industrial chemicals and the more specialised leather solutions. The division continuously focuses on adding complementary products to the basket so as to maximise opportunities with all clients.

Operating costs remained well controlled and resulted in a net operating profit, before a R 5,0 million claims provision of R43,0 million (June 2017: R35,0 million). Operating profit margins increased to 10,9% (June 2017: 9,5%), which reflects an exaggerated increase due to normalised adjustments in the prior year. On a normalised basis the operating margin increased from 11,1% to 11,8%.

Colour

Revenue increased by 18,2 % to R104,6 million (June 2017: R88,5 million) and normalised gross profit increased to R16,7 million, which represents a margin of 16,0% (June 2017: R14,9 million and 16,8%). The reduction in margin percentage is due to the increased revenue and the expansion of the product range which includes more commoditised products. The Colour division was impacted by inventory impairments following the prior issues relating to the liquidation of the lead chrome pigment stock following the closure of the lead chrome pigment plant in March 2016. The division has since gone through a restructure with the focus being on the re-introduction of a full basket of goods while targeting a reduced working capital requirement over a period of time.

Due to the performance over the last few years, goodwill amounting to R5,6 million required full impairment. The normalised operating loss for the year amounted to R0,7 million compared to the comparative period profit of R2,7 million. The management team and staff complement have been stabilised and the business is positioned to contribute to the group having incurred losses for a number of years.

Water

Revenue decreased by 18,2% to R41,9 million (June 2017: R51,3 million) as the division was impacted by the closure of the Botswana business. The Water business, which has a fixed cost base and strong intellectual property, has rebranded and repositioned itself moving towards being a total water management solution provider. We have invested in a strong management team and numerous proposals have been submitted, and despite the long lead time for tender awards, momentum is being gained.

Operating profit was impacted by not only poor trading but the necessity to impair the goodwill amounting to R9,2 million as well as the Botswana properties by R2,0 million based on market prices. Having added back the non-recurring items results in an operating loss of R1,1 million for the full year while the business has turned to become profitable again.

The business is now 100% owned as we reached an agreement to purchase the 30% minority interest held by the previous owners for an amount of R4,5 million in March 2018.

Other

The Other division within the segmental analysis includes the Jet Park property and Head office expenses. The normalised cost of this division amounted to R27,2 million (June 2017: R22,3 million) before the impact of non-recurring costs, excess audit fee, staff incentives and settlements as well as site clean up and renovation.

Operating environment and prospects

The group has made good progress on the strategic and legacy issues and the foundation has been set for the future to deliver normal results and achieve appropriate returns. While ensuring we focus on our South African businesses, we will be trying to maximise our African revenues through direct exports reducing the risks related to cross-border costs, stock holdings and collections. New product ranges continue to be added to the portfolio and we are leveraging off our current capacities in all divisions. The start to the new financial year has met the board expectations and the group is on track to achieve an improvement in normalised earnings. Prospects in all divisions are positive and opportunities exist in all of our segments. The management team is well equipped, appropriately incentivised and focused on the strategic imperatives of delivering sustainable earnings and returns on capital employed.

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

Dividends

Notice is given that a final gross cash dividend of 4,0 cents per share in respect of the year ended 30 June 2018 has been declared payable, from income reserves, to the holders of ordinary shares recorded in the books of the company on Friday, 19 October 2018. The last day to trade cum dividend will therefore be Tuesday,

COMMENTARY (continued)

16 October 2018 and Rolfes' shares will trade ex dividend from Wednesday, 17 October 2018. Payment of the dividend will be on Monday, 22 October 2018. Share certificates may not be dematerialised or rematerialised from Wednesday, 17 October 2018 (which is ex date) to Friday, 19 October 2018, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation at a rate of 20% which will result in a final net cash dividend of 3,2 cents per share. The company's issued share capital at the period end is 161 942 800 shares (which includes 641 332 treasury shares) and the company's tax number is 9492/089/14/0.

Share buyback

The board has authorised a share buyback programme in accordance with the general authority which may be implemented by management within set parameters. The intention of the programme is to purchase shares to be held in treasury to eliminate any dilution created by the conditional share plan.

Changes to the board

At year-end, the board comprised nine directors, two executive directors and seven non-executive directors of whom four are independent non-executives. As the chairman is not independent, Seapei Mafoyane serves as the lead independent director. On 16 October 2017, Lizette Lynch resigned with immediate effect and Mr RM Buttle was appointed as chief executive officer. Andre Broodryk was appointed as chief financial officer on 6 November 2017.

On behalf of the board

MS Teke
Chairman

RM Buttle
Chief executive officer

17 September 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June

	2018 R'000	2017 R'000
ASSETS		
Non-current assets	**356 432**	393 725
Property, plant and equipment	**86 612**	104 307
Intangible assets and goodwill	**251 688**	269 172
Deferred tax asset	**18 132**	20 246
Current assets	**667 216**	591 402
Inventories	**334 739**	275 582
Trade and other receivables	**250 533**	237 817
Derivative asset	**6 454**	–
Cash and cash equivalents	**43 148**	71 970
Current tax asset	**10 205**	6 033
	645 079	591 402
Assets classified as held for sale	**22 137**	–
Total assets	**1 023 648**	985 127
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	**207 721**	207 721
Retained earnings	**260 313**	281 778
Share-based payment reserve	**2 496**	–
Foreign currency translation reserve	**(1 679)**	(696)
Owners of the parent	**468 851**	488 803
Non-controlling interest	**–**	(3 169)
Total equity	**468 851**	485 634
Non-current liabilities	**233 509**	262 900
Interest-bearing liabilities	**208 395**	221 652
Deferred tax liability	**17 155**	27 526
Provisions	**7 959**	13 722
Current liabilities	**321 288**	236 593
Trade and other payables	**284 143**	208 881
Derivative liability	**–**	780
Interest-bearing liabilities	**26 562**	24 040
Current tax liability	**835**	2 892
	311 540	236 593
Liabilities directly associated with assets classified s held for sale	**9 748**	–
Total equity and liabilities	**1 023 648**	985 127

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the year ended 30 June

Continuing operations	2018 R'000	2017 R'000
Revenue	**1 421 648**	1 437 409
Cost of sales	**(1 132 489)**	(1 138 141)
Gross profit	**289 159**	299 268
Other income	**13 988**	13 675
Distribution expenses	**(9 200)**	(8 974)
Marketing expenses	**(4 334)**	(2 529)
Administration expenses	**(32 159)**	(16 747)
Impairments	**(19 016)**	(5 996)
Other expenses	**(195 271)**	(163 516)
Share-based payment expense	**(2 496)**	–
Operating profit before interest	**40 671**	115 181
Finance income	**1 309**	4 915
Finance cost	**(29 558)**	(30 772)
Profit before taxation	**12 422**	89 324
Income tax	**(12 717)**	(25 533)
(Loss)/profit from continuing operations	**(295)**	63 791
Discontinued operations		
Loss from discontinued operations, net of tax	**(583)**	(53 500)
(Loss)/profit	**(878)**	10 291
Other comprehensive (loss)/income, net of taxation		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translating of foreign operations	**(982)**	1 360
Total comprehensive (loss)/income	**(1 860)**	11 651
(Loss)/profit for the year attributable to:		
Owners of the parent	**1 494**	11 467
Non-controlling interest	**(2 372)**	(1 176)
	(878)	10 291
Total comprehensive (loss)/income attributable to:		
Owners of parent	**512**	12 827
Non-controlling interest	**(2 372)**	(1 176)
	(1 860)	11 651
Earnings and headline earnings per share:		
Group:		
– Earnings (basic) (cents)	**0,93**	7,11
– Earnings (diluted) (cents)	**0,92**	7,11
– Headline earnings (basic) (cents)	**12,24**	20,56
– Headline earnings (diluted) (cents)	**12,20**	20,56
Continuing operations:		
– Earnings (basic) (cents)	**1,29**	40,28
– Earnings (diluted) (cents)	**1,28**	40,28
– Headline earnings (basic) (cents)	**12,61**	41,01
– Headline earnings (diluted) (cents)	**12,56**	41,01
Discontinued operations:		
– Earnings (basic) (cents)	**(0,36)**	(33,17)
– Earnings (diluted) (cents)	**(0,36)**	(33,17)
– Headline earnings (basic) (cents)	**(0,36)**	(20,45)
– Headline earnings (diluted) (cents)	**(0,36)**	(20,45)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

			Reserves			
	Stated capital R'000	Retained earnings R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Non-controlling interest R'000	Total equity R'000
Balance at 30 June 2016	207 721	288 736	–	(2 057)	(2 502)	491 898
Total comprehensive income for the year	–	11 467	–	1 360	(1 176)	11 651
Dividends paid	–	(16 192)	–	–	–	(16 192)
Acquisition of non-controlling interest	–	(2 233)	–	–	509	(1 724)
Balance at 30 June 2017	**207 721**	**281 778**	**–**	**(697)**	**(3 169)**	**485 633**
Total comprehensive (loss)/income for the year	**–**	**1 494**	**–**	**(982)**	**(2 372)**	**(1 860)**
Share-based payment expense	**–**	**–**	**2 496**	**–**	**–**	**2 496**
Dividends paid	**–**	**(12 919)**	**–**	**–**	**–**	**(12 919)**
Acquisition of non-controlling interest	**–**	**(10 040)**	**–**	**–**	**5 541**	**(4 499)**
Balance at 30 June 2018	**207 721**	**260 313**	**2 496**	**(1 679)**	**–**	**468 851**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

	Group 2018 R'000	Continuing operations 2018 R'000	Discontinued operations 2018 R'000	Group 2017 R'000	Continuing operations 2017 R'000	Discontinued operations 2017 R'000
Cash flow (utilised in)/ generated from:						
Cash generated from operations	102 688	109 186	(6 498)	132 513	145 465	(12 952)
Net working capital movement	(38 446)	(40 685)	2 239	(8 261)	(20 823)	12 562
Operating activities	64 242	68 501	(4 259)	124 252	124 642	(390)
Net finance cost paid	(28 138)	(28 012)	(126)	(28 396)	(25 827)	(2 569)
Tax paid	(26 334)	(26 334)	–	(32 450)	(32 073)	(377)
Cash available for investment and redistribution	9 770	14 155	(4 385)	63 406	66 742	(3 336)
Dividends paid	(12 919)	(12 919)	–	(16 192)	(16 192)	–
Cash flow utilised in investing activities	(9 747)	(9 889)	142	(22 815)	(22 061)	(754)
– Investment in property, plant and equipment	(3 895)	(4 037)	142	(8 433	(7 679)	(754)
– Investment in intangible assets	(5 852)	(5 852)	–	(14 885)	(14 885)	–
– Other	–	–	–	503	503	–
Cash flow (utilised)/generated from financing activities	(14 486)	(17 477)	2 991	(2 769)	(7 589)	4 820
– Interest-bearing liabilities raised	10 537	10 537	–	19 417	19 417	–
– Interest-bearing liabilities repaid	(20 523)	(20 000)	(523)	(20 462)	(20 000)	(462)
– Increase/(decrease) in inter-segment funding	–	(3 514)	3 514	–	(5 281)	5 281
– Minority buy-outs	(4 500)	(4 500)	–	(1 725)	(1 725)	–
Cash (deficit)/generated for the period	(27 382)	(26 130)	(1 252)	21 630	20 900	730
Effects of exchange rate fluctuations on translation of foreign operations	(1 440)	(1 440)	–	1 942	1 942	–
Cash and cash equivalents:						
– Beginning of the period	71 970	70 412	1 558	48 398	47 568	830
– End of the period	43 148	42 842	306	71 970	70 410	1 560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June

1. BASIS OF ACCOUNTING AND PREPARATION

The summarised consolidated financial statements are prepared and presented in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The Listings Requirements require summary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the 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 financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements.

2. FINANCIAL PREPARATION AND REVIEW

The summarised consolidated financial statements for the year ended 30 June 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 17 September 2018.

These summarised consolidated financial statements are not itself audited, but have been derived from the audited consolidated financial statement of Rolfes Holdings Limited for the year ended 30 June 2018, on which the auditor, KPMG Inc., has expressed on unmodified audit opinion. A copy of the audit opinion is available for inspection at the company's registered address. The board of directors takes full responsibility for the preparation of the summarised consolidated financial statements and that it has been correctly extracted from the underlying annual financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 30 June

3. SEGMENT REPORT

Segmental analysis for the year ended 30 June 2018:

	Agri-culture 2018 R'000	Food 2018 R'000	Chemi-cals 2018 R'000	Colour 2018 R'000	Water 2018 R'000	Other 2018 R'000	Total (conti-nuing) 2018 R'000	Dis-conti-nued (Silica) 2018 R'000	Total 2018 R'000
Total revenue	285 810	673 108	396 301	104 613	41 944	–	1 501 776	1 307	1 503 083
– External revenue	276 502	656 780	355 410	93 144	39 812	–	1 421 648	1 307	1 422 955
– Inter-segment revenue	9 308	16 328	40 891	11 469	2 132	–	80 128	–	80 128
Gross profit/(loss)	67 080	110 217	77 609	11 642	22 758	(147)	289 159	–	289 159
EBITDA	18 029	64 171	39 918	(5 291)	(7 628)	(33 675)	75 524	(77)	75 447
HEPS impairments	(714)	(76)	(83)	(5 621)	(5 328)	(6 144)	(17 965)	3	(17 962)
Depreciation and amortisation	(6 353)	(1 192)	(1 386)	(1 386)	(2 300)	(1 775)	(14 392)	(753)	(15 145)
Share-based payment expense	(317)	(319)	(476)	–	(239)	(1 145)	(2 496)	–	(2 496)
PBIT	10 645	62 584	37 973	(12 298)	(15 495)	(42 739)	40 671	(827)	39 844
Total assets	276 479	383 922	198 724	69 313	39 882	34 516	1 002 836	20 812	1 023 648
Total liabilities	60 430	137 646	96 780	8 040	11 227	229 004	543 127	11 670	554 797
NAV	216 049	246 276	101 944	61 273	28 655	(194 488)	459 709	9 142	468 851
Inventories	82 430	127 288	86 306	36 124	3 726	(1 135)	334 739	–	334 739
Trade receivables	45 721	111 506	58 677	17 179	6 162	(5 839)	233 406	638	234 044
Trade payables	(35 872)	(129 510)	(82 021)	(5 198)	(5 355)	8 851	(249 105)	(716)	(249 821)
Net working capital	92 279	109 284	62 962	48 105	4 533	1 877	319 040	(78)	318 962

3. SEGMENT REPORT (continued)

Segmental analysis for the year ended 30 June 2017:

	Agri-culture 2017 R'000	Food 2017 R'000	Chemi-cals 2017 R'000	Colour 2018 R'000	Water 2017 R'000	Other 2017 R'000	Total (conti-nuing) 2017 R'000	Dis-conti-nued (Silica) 2017 R'000	Total 2017 R'000
Total revenue	293 450	717 019	368 663	88 512	51 255	–	1 518 899	47 628	1 566 527
– External revenue	280 206	700 026	322 675	85 595	48 907	–	1 437 409	47 624	1 485 033
– Inter-segment revenue	13 244	16 993	45 988	2 917	2 348	–	81 490	4	81 494
Gross profit/(loss)	73 546	126 582	63 876	8 132	27 548	(415)	299 268	(14 307)	284 961
EBITDA	25 100	81 816	36 126	(6 696)	5 430	(15 027)	126 749	(27 325)	99 424
HEPS impairments	441	55	–	107	(11)	(1 616)	(1 024)	(20 885)	(21 909)
Depreciation and amortisation	(5 068)	(384)	(1 138)	(507)	(1 360)	(2 087)	(10 544)	(2 220)	(12 764)
Share-based payment expense	–	–	–	–	–	–	–	–	–
PBIT	20 473	81 487	34 988	(7 096)	4 059	(18 730)	115 181	(50 430)	64 751
Total assets	301 132	340 030	168 974	74 017	56 973	7 416	948 542	36 585	985 127
Total liabilities	73 145	89 987	71 215	11 113	21 167	202 849	469 476	30 017	499 493
NAV	227 987	250 043	97 759	62 904	35 806	(195 433)	479 066	6 568	485 634
Inventories	93 876	85 116	50 134	29 448	7 008	(1 000)	264 582	11 000	275 582
Trade receivables	57 133	104 593	55 912	16 047	12 820	(28 130)	218 375	6 357	224 732
Trade payables	(47 290)	(84 519)	(57 730)	(9 406)	(7 641)	24 526	(182 060)	(3 531)	(185 591)
Net working capital	103 719	105 190	48 316	36 089	12 187	(4 604)	300 897	13 826	314 723

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 30 June

4. IMPAIRMENT

During the year impairment losses were recognised.

Segment	2018 R'000	2017 R'000
Agriculture		
– Impairment of intangible assets	**714**	4 380
Chemicals		
– Impairment of property, plant and equipment	**111**	–
Colour		
– Impairment of goodwill	**5 638**	–
– Impairment of property, plant and equipment	**287**	–
Water		
– Impairment of goodwill	**9 225**	
– Impairment of property (classified as held for sale)	**1 966**	–
Discontinued – Silica		
– Impairment of property, plant and equipment	**–**	19 560
Group		
– Impairment of goodwill (Colour and Water)	**1 074**	1 616
	19 015	25 556

5. TAX

	Group 2018 R'000	Continuing operations 2018 R'000	Discontinued operations 2018 R'000	Group 2017 R'000	Continuing operations 2017 R'000	Discontinued operations 2017 R'000
Income tax (expense)/benefit						
Current tax:						
– Current year	**20 436**	**20 436**	**–**	29 192	30 244	(1 052)
– Prior year	**(332)**	**(332)**	**–**	4 477	4 477	–
Deferred tax	**(8 257)**	**(7 387)**	**(870)**	(9 471)	(9 188)	(283)
Total	**11 847**	**12 717**	**(870)**	24 198	25 533	(1 335)

	%	%	%	%	%	%
Tax rate reconciliation						
– Statutory rate	**28,0**	**28,0**	**28,0**	28,0	28,0	28,0
– Effect of non-allowable expenditure	**14,4**	**12,6**	**(1,3)**	3,4	1,7	–
– Effect of research and development allowance	**(1,9)**	**(1,7)**	**–**	(2,9)	(1,5)	–
– Effect of different tax rates of subsidiaries operating in other jurisdictions	**6,2**	**5,5**	**–**	(0,1)	–	–
– Effect of share-based	**6,4**	**5,6**	**–**	–	–	–
– Effect of prior year (overstatement)/understatement	**0,7**	**0,6**	**–**	2,3	0,8	(0,7)
– Effect of deferred tax not recognised	**54,3**	**51,8**	**33,1**	22,5	(0,4)	(24,2)
Effective rate	**108,1**	**102,4**	**59,8**	53,2	28,6	3,1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 30 June

6. EARNINGS PER SHARE

	2018 Group R'000	2018 Continuing operations R'000	2018 Discontinued operations R'000	2017 Group R'000	2017 Continuing operations R'000	2017 Discontinued operations R'000
Numerator						
Profit/(loss) for the year attributable to equity holders of the parent	**1 494**	**2 077**	**(583)**	11 467	64 967	(53 500)
Adjusted for:						
(Gain) from sale of property, plant and equipment (net)	**(759)**	**(756)**	**(3)**	(434)	(434)	–
(Gain) from sale of property, plant and equipment (gross)	**(1 054)**	**(1 050)**	**(4)**	(603)	(603)	–
(Gain) from sale of property, plant and equipment (tax)	**295**	**294**	**1**	169	169	–
Loss from sale of property, plant and equipment (net)	**–**	**–**	**–**	962	8	954
Loss from sale of property, plant and equipment (gross)	**–**	**–**	**–**	1 336	11	1 325
Loss from sale of property, plant and equipment (tax)	**–**	**–**	**–**	(374)	(3)	(371)
Impairment property, plant and equipment (gross)	**2 364**	**2 364**	**–**	19 560	–	19 560
Impairment goodwill (gross)	**16 652**	**16 652**	**–**	1 616	1 616	–
Headline earnings	**19 751**	**20 337**	**(586)**	33 171	66 157	(32 986)
Denominator						
Opening balance (number of shares) ('000)	**161 943**	**161 943**	**161 943**	161 943	161 943	161 943
Treasury shares (number of shares) ('000)	**(641)**	**(641)**	**(641)**	(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**	161 302	161 302	161 302
Dilutive shares	**648**	**648**	**648**	–	–	–
Weighted average number of shares used in diluted earnings per share and diluted headline earnings per share ('000)	**161 950**	**161 950**	**161 950**	161 302	161 302	161 302
Earnings per share (cents)						
Basic	**0,93**	**1,29**	**(0,36)**	7,11	40,28	(33,17)
Diluted	**0,92**	**1,28**	**(0,36)**	7,11	40,28	(33,17)
Headline earnings per share (cents)						
Basic	**12,24**	**12,61**	**(0,36)**	20,56	41,01	(20,45)
Diluted	**12,20**	**12,56**	**(0,36)**	20,56	41,01	(20,45)

7. 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 trade and other receivables and trade and other payables. The impairments and provisions accounted for in relation to discontinued operations are measured using level 3 inputs.

8. 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 a final gross cash dividend of 4 cents per ordinary share for year ended 30 June 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.

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

Declaration date:	Monday, 17 September 2018
Last date to trade cum dividend	Tuesday, 16 October 2018
Shares commence trading ex dividend	Wednesday, 17 October 2018
Record date	Friday, 19 October 2018
Payment date	Monday, 22 October 2018

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 dividends tax rate is 20%;
- The dividends will be paid from cash reserves;
- The gross dividend to be used in determining the dividends tax is 4 cents per ordinary share;
- The dividends 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 dividends tax;
- The net dividend amount is 3,2 cents per ordinary share for shareholders not exempt from dividends tax;
- Rolfes Holdings Limited has 161 942 800 ordinary shares in issue (which includes 641 332 treasury shares); 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, 17 October 2018 and Friday, 19 October 2018 both days inclusive.

There are no additional material events, other than those reported in this announcement, that have occurred between 30 June 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

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

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

Bastion

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