

INCOME STATEMENT

for the year ended 30 September 2005

		Group	
	Notes	2005	2004
		R'000	R'000
Revenue	1	8 446 308	7 591 212
Cost of sales		(5 719 207)	(5 217 700)
Gross profit		2 727 101	2 373 512
Other operating income		72 258	76 383
Biological assets fair value adjustment		125 621	40 927
Distribution costs		(667 259)	(578 813)
Administrative expenses		(217 119)	(182 705)
Other operating expenses		(1 368 481)	(1 183 917)
Operating profit before exceptional items	2	672 121	545 387
Exceptional items	3	15 430	10 595
Operating profit after exceptional items		687 551	555 982
Investment income	4	29 437	40 818
Finance charges	5	(82 046)	(60 323)
Profit / (loss) from associated companies	15	998	(3 806)
Profit before taxation		635 940	532 671
Taxation	6	(167 547)	(167 374)
Net profit after taxation		468 393	365 297
Attributable to minority shareholders		(3 598)	(7 795)
Net profit for the year		464 795	357 502
Earnings per share (cents)	7	298,7	210,3
Diluted earnings per share (cents)	7	290,9	207,9
Headline earnings per share (cents)	7	287,9	207,4
Dividend per share (cents)	8	74,8	54,6

BALANCE SHEET

as at 30 September 2005

		Group	
	Notes	2005 R'000	2004 R'000
ASSETS			
Non-current assets		1 967 315	1 324 875
Property, plant and equipment	10	1 208 584	931 463
Intangible assets	11	693 052	340 730
Negative goodwill	12	-	(24 215)
Biological assets	13	1 584	2 250
Interest in joint ventures	14	21 915	21 500
Investment in associates	15	998	1 313
Other financial assets	16	18 479	21 759
Accounts receivable	18	2 060	2 677
Deferred taxation	23	20 643	27 398
Current assets		2 254 316	2 337 838
Inventory	17	971 515	1 012 177
Biological assets	13	94 623	56 190
Other financial assets	16	-	150 088
Accounts receivable	18	1 015 543	847 233
Cash and cash equivalents	19	172 635	272 150
Total Assets		4 221 631	3 662 713
EQUITY AND LIABILITIES			
Capital and reserves		2 155 268	2 025 709
Share capital	20	15 079	16 978
Share premium		489 094	714 306
Non-distributable reserves	21	9 827	(2 913)
Retained earnings		1 641 268	1 297 338
Minority interest		4 725	37 377
Non-current liabilities		364 775	303 132
Long-term liabilities	22	79 625	135 260
Deferred taxation	23	208 587	94 966
Provisions	24	76 563	72 906
Current liabilities		1 696 863	1 296 495
Accounts payable	25	940 808	780 742
Taxation liabilities		74 538	33 937
Short-term portion of long-term liabilities	22	38 992	207 189
Dividends payable		436	940
Short-term borrowings	19	642 089	273 687
Total Liabilities		2 061 638	1 599 627
Total Equity and Liabilities		4 221 631	3 662 713

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2005

Group						
	Notes	Share capital	Share premium	Non-distributable reserves	Retained earnings	Total
		R'000	R'000	R'000	R'000	R'000
Balance as at 1 October 2004						
As reported previously		16 978	714 306	(2 913)	1 303 018	2 031 389
Effect of change in accounting policy	33	-	-	-	(5 680)	(5 680)
Restated		16 978	714 306	(2 913)	1 297 338	2 025 709
Net profits/(losses) not recognised in income statement		-	-	12 740	510	13 250
Cash flow hedging						
Realised to income statement		-	-	7 881	-	7 881
Net movement in fair value		-	-	2 742	-	2 742
Normal SA tax on hedging reserve		-	-	(795)	-	(795)
Deferred taxation on fair value adjustment of available-for-sale investments		-	-	(1 234)	-	(1 234)
Fair value adjustment on available-for-sale investments		-	-	6 920	-	6 920
Reserve relating to conversion of foreign currency		-	-	(2 264)	-	(2 264)
Statutory transfer		-	-	(510)	510	-
Profit for the year		-	-	-	464 795	464 795
Final dividend for 2004	8	-	-	-	(70 000)	(70 000)
Interim dividend for 2005	8	-	-	-	(36 000)	(36 000)
Treasury dividends received by share incentive trusts		-	-	-	6 242	6 242
Treasury dividends received by subsidiary		-	-	-	8 853	8 853
Purchase of treasury shares by subsidiary		(1 682)	(181 121)	-	-	(182 803)
Ordinary share capital bought back		(206)	(25 489)	-	-	(25 695)
Derecognition of negative goodwill		-	-	-	24 215	24 215
Movement of shares on share incentive trusts		(11)	(18 602)	-	-	(18 613)
Acquisition equity adjustment		-	-	-	(54 685)	(54 685)
Balance as at 30 September 2005		15 079	489 094	9 827	1 641 268	2 155 268
Balance as at 1 October 2003						
As reported previously		17 047	729 688	8 747	1 020 349	1 775 831
Effect of change in accounting policy	33	-	-	-	(3 284)	(3 284)
Restated		17 047	729 688	8 747	1 017 065	1 772 547
Net profits/(losses) not recognised in income statement		-	-	(11,660)	(648)	(12,308)
Cash flow hedging						
Realised to income statement		-	-	(1 534)	-	(1 534)
Net movement in fair value		-	-	(11 259)	-	(11 259)
Normal SA tax on hedging reserve		-	-	3 378	-	3 378
Fair value adjustment on available-for-sale investments		-	-	2 495	-	2 495
Minority interest in reserve relating to foreign currency conversion		-	-	(10)	-	(10)
Reserve relating to conversion of foreign currency		-	-	(5 378)	-	(5 378)
Statutory transfer		-	-	648	(648)	-
Net profit for the year		-	-	-	357 502	357 502
Final dividend for 2003	8	-	-	-	(52 000)	(52 000)
Interim dividend for 2004	8	-	-	-	(30 000)	(30 000)
Treasury dividends received by share incentive trusts		-	-	-	3 302	3 302
Treasury dividends received by subsidiary		-	-	-	2 117	2 117
Sale of treasury shares by subsidiary		178	1 969	-	-	2 147
Share capital issued		17	1 197	-	-	1 214
Movement of shares on share incentive trusts		(264)	(18 548)	-	-	(18 812)
Balance as at 30 September 2004		16 978	714 306	(2 913)	1 297 338	2 025 709

CASH FLOW STATEMENT

for the year ended 30 September 2005

		Group	
	Notes	2005 R'000	2004 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		770 588	396 675
Cash profit from operating activities	34	914 915	731 693
Working capital changes	35	117 571	(61 984)
Cash effect from hedging activities		14 001	(12 793)
Net cash generated from operations		1 046 487	656 916
Interest received		12 858	18 967
Interest paid		(82 046)	(60 323)
Dividends received		16 579	21 851
Dividends paid to Group shareholders	36	(91 409)	(76 342)
Tax paid	37	(131 881)	(164 394)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(788 302)	(477 737)
Additions to property, plant and equipment		(193 656)	(176 571)
Replacements of property, plant and equipment		(166 270)	(118 468)
Additions to intangible assets		(6 428)	(25 134)
Proceeds on disposal of property, plant, equipment and intangible assets	38	20 460	75 811
Proceeds on disposal of investments	39	183 309	136 578
Additional interest in existing subsidiaries acquired		(113 086)	-
Net disposal / (acquisition) of subsidiaries	40	1 051	(212 339)
Business combinations	41	(497 016)	(148 664)
Investment in joint ventures		(415)	7 636
Investment in other financial assets and associates		(16 868)	(17 034)
Net loans received		617	448
Net cash deficit		(17 714)	(81 062)
NET CASH FLOW FROM FINANCING ACTIVITIES		(445 785)	(165 573)
Decrease in long-term liabilities		(218 674)	(164 681)
Proceeds from issue of ordinary shares		-	1 214
Ordinary shares bought back		(25 695)	-
Treasury shares – share incentive trusts		(18 613)	(18 812)
Treasury shares – subsidiary		(182 803)	2 147
Cash contributed by other party to joint venture		-	14 559
Net cash and short-term borrowings from business combinations		(4 418)	-
Net cash and short-term borrowings on acquisition of subsidiaries		-	(10 611)
Net decrease in cash, cash equivalents and short-term borrowings		(467 917)	(257 246)
Net cash, cash equivalents and short-term borrowings at beginning of year		(1 537)	255 709
Net cash, cash equivalents and short-term borrowings at end of year	19	(469 454)	(1 537)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005

		Group	
		2005	2004
		R'000	R'000
1. Revenue			
	Revenue, which excludes value-added tax, represents the net value of products sold.		
2. Operating profit before exceptional items	Operating profit is calculated after taking into account the following:		
2.1 Operating income			
	Foreign exchange differences	11 084	13 375
	Foreign exchange contract fair value adjustments	3 569	4 098
	Agricultural produce fair value adjustment	1 357	1 799
	Administration fees received	1 006	3 537
	Government grant amortisation	1 012	158
	Fair value of embedded derivative financial instruments	9 078	–
	Change in provision for accounts receivable impairment	1 150	7 017
2.2 Operating expenditure			
	Staff costs	1 238 283	1 061 947
	Wages and salaries	1 094 722	936 892
	Termination benefits	2 378	4 411
	Other personnel costs	57 689	47 237
	Pension costs	83 494	73 407
	Personnel at the end of the year:		
	Permanent: 2005: 12 016 (2004: 10 601)		
	Temporary: 2005: 1 708 (2004: 1 869)		
	Technical services from non-employees	15 047	7 321
	Auditors' remuneration	8 184	8 744
	for audit	6 328	5 822
	other services	1 705	2 749
	under provision previous year	151	173
	Machine rental	11 450	8 613
	Rental of premises	19 378	9 997
	Depreciation and amortisation (Appendix D)	228 606	181 478
	own assets	227 578	180 670
	leased assets	1 028	808
	Foreign exchange differences	16 193	16 790
	Foreign exchange contract fair value adjustments	4 601	230
	Research and development costs	3 311	2 082
	Fair value of embedded derivative financial instruments	–	5 934
2.3 Biological assets fair value adjustment			
	This adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is accounted for in the balance sheet carrying amount of biological assets and the realised portion is mainly accounted for in cost of sales.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
3. Exceptional items		
Profit on disposal of property, plant, equipment and intangible assets	14 489	42 827
Profit on disposal of investments	6 133	1 362
Profit / (loss) on disposal of subsidiary	76	(965)
Impairment of property, plant and equipment	-	(1 310)
Impairment of trademarks no longer used	(8 628)	(943)
Impairment of goodwill	(1 664)	-
Reversal of goodwill amortisation	10 357	-
Goodwill reversal due to deferred taxation asset recognised subsequent to business combination	(5 333)	-
Amortisation of goodwill	-	(34 943)
Amortisation of negative goodwill	-	4 567
	15 430	10 595
Items of associates	998	(5 076)
Loss on disposal of property, plant and equipment	-	(383)
Reversal of prior impairment of loan to associate	998	-
Loss on disposal of goodwill	-	(4 693)
	16 428	5 519
Tax effect	389	(165)
Minority interest in exceptional items	-	(493)
	16 817	4 861
Detail in respect of impairments is available at the Company's registered office. Items of associates are included in profit / (loss) from associates in the income statement.		
4. Investment income		
Interest received	12 858	18 967
Joint ventures	1 722	1 459
Other	11 136	17 508
Dividends received	16 579	21 851
Listed shares	649	313
Unlisted shares	15 930	21 538
	29 437	40 818
5. Finance charges		
Interest paid		
Long-term liabilities	30 527	41 590
Amortised cost adjustment	1 585	1 748
Interest rate swap agreement	17	1 462
Other	49 917	15 523
	82 046	60 323

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005	2004
	R'000	R'000
6. Taxation		
South African normal tax	157 498	131 551
Current year	153 538	131 355
Under provision previous years	3 960	196
Deferred taxation	1 167	27 495
Current year	2 981	27 313
Rate change	(2 207)	-
Under provision previous years	393	182
Secondary taxation on companies	8 882	7 643
Current year	8 882	7 643
Taxation of associated companies	-	685
Current year	-	685
	167 547	167 374
Reconciliation of rate of taxation:	%	%
Standard rate for companies	29,0	30,0
Increase/(decrease) in rate:		
Exempt income	(0,8)	(1,5)
Utilisation of assessed losses	(1,0)	-
Secondary taxation on companies	1,4	1,4
Under provision previous years	0,7	-
Permanent differences	0,6	1,7
Rate change	(0,3)	-
Other differences	(3,3)	(0,2)
Effective rate	26,3	31,4
	R'000	R'000
The statutory tax rate was changed to 29% on 31 March 2005. Gross calculated tax losses of certain subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies	167 841	177 827
Less: Utilised in reduction of deferred taxation	(120 649)	(99 859)
Net calculated tax losses carried forward	47 192	77 968
Tax relief at current tax rates	13 686	23 390
Utilisation of tax losses is dependent on sufficient taxable income being earned in future by the subsidiaries concerned.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

		Group	
		2005	2004
		R'000	R'000
7. Earnings per share			
<i>Basic</i>			
<p>The calculation of earnings per share is based on earnings attributable to equity holders of the Company of R464 794 860 (2004: R357 501 963) and 155 614 914 (2004: 170 006 724) weighted average ordinary shares in issue during the year.</p>			
<i>Diluted</i>			
<p>The Group has share options with a dilutive effect on earnings per share. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The calculation of diluted earnings per share is based on earnings attributable to equity holders of the Company of R464 794 860 (2004: R357 501 963) and 159 752 912 (2004: 171 946 516) weighted average ordinary shares in issue during the year.</p>			
		Number	Number
<p>Reconciliation of weighted average ordinary shares in issue during the year:</p>			
		155 614 914	170 006 724
		4 137 998	1 939 792
		159 752 912	171 946 516
		R'000	R'000
Reconciliation between earnings and headline earnings:			
Net adjustments after tax and minority shareholders' interest			
		464 795	357 502
		(16 817)	(4 861)
		447 978	352 641
		287,9	207,4
8. Dividend per share			
Interim			
19,6 cents per ordinary share (2004: 16,4 cents)		36 000	30 000
Final			
55,2 cents per ordinary share (2004: 38,2 cents)		100 000	70 000
		136 000	100 000
<p>Dividends payable are not accounted for until they have been declared by the board of directors. The statement of changes in equity does not reflect the final dividend payable. The final dividend for the year ended 30 September 2005 will be accounted for as an appropriation of retained earnings in the year ending 30 September 2006.</p>			

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005	2004
	R'000	R'000
9. Directors' remuneration		
Non-executive directors		
Fees	1 040	748
Executive directors paid by subsidiaries	10 497	10 622
Salaries	4 512	4 248
Retirement benefits	678	645
Allowances	1 309	1 348
Performance bonuses	3 998	4 381
Annual remuneration	11 537	11 370
Profit from share incentive scheme	3 046	3 080
Total remuneration	14 583	14 450
Paid by subsidiaries	(10 497)	(10 663)
Non cash profit from share incentive scheme	(3 046)	(3 080)
Paid by Company	1 040	707
	Number	Number
	'000	'000
Executive directors' share incentive scheme		
Number at the beginning of the year	2 242	1 085
Redeemed	(277)	(678)
New offer at R8,65 per share	-	1 835
New offer at R14,05 per share	185	-
Number at the end of the year	2 150	2 242
Shares under option in terms of option scheme		
At R3,80 per share, exercisable up to 5 July 2009	-	242
At R2,80 per share, exercisable up to 6 July 2009	130	165
At R8,65 per share, exercisable up to 27 May 2014	1 835	1 835
At R14,05 per share, exercisable up to 24 December 2014	185	-
	2 150	2 242
	R'000	R'000
10. Property, plant and equipment		
Land and buildings	369 618	307 454
Plant, machinery and equipment	754 577	560 512
Vehicles	84 389	63 497
Net book value	1 208 584	931 463
Refer to appendix D for further detail and appendix A for encumbered property, plant and equipment.		
Land and buildings with a cost price of R45 113 723 (2004: R47 996 390) are in the process of being transferred and are not yet registered in the name of one of the companies within the Group.		
Property, plant and equipment in the course of construction amounts to R46 748 121 (2004: R60 293 398).		
A register with full detail of property, plant and equipment is available at the Company's registered office.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005 R'000	2004 R'000
11. Intangible assets		
Trademarks	396 194	118 130
Goodwill	269 892	207 268
Intellectual property	11 280	658
Computer software	15 686	14 674
Net book value	693 052	340 730
Refer to appendix D for further detail. Included in trademarks are the following trademarks with its carrying values and remaining amortisation periods in years.		
Moir's (49 years)	58 117	59 305
Marmite (49,5 years)	34 690	–
Bovril (49,5 years)	35 313	–
Pecks (49,5 years)	20 049	–
Redro (49,5 years)	14 834	–
Smash (29 years)	23 105	23 904
Maizena (49,8 years)	19 607	–
ProNutro (3,7 years)	7 590	9 660
Nature's Source (3,2 years)	6 890	9 010
Wild Island (24 years)	18 668	–
W Daly and W Daly & Sons (24 years)	9 766	–
Ceres Fruit Juices trademarks (49 years)	126 915	–
Golden Grove (nil years)	–	10 158
Other (3,2 to 49,5 years)	20 650	6 093
	396 194	118 130
Impairment test for goodwill		
Goodwill acquired in a business combination is allocated, at acquisition, to the Group's cash-generating units (CGUs) that are expected to benefit from the business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:		
Goodwill allocation:		
Staple foods (several CGUs)	36 188	46 099
Branded products (several CGUs)	233 704	161 169
	269 892	207 268
The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.		
Key assumptions used for value-in-use calculations:		
Growth rate from 5% to 26%		
Discount rate from 11,8% to 13%		
These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margins based on past performance and its expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
12. Negative goodwill (Appendix D)		
Net book value	–	(24 215)
13. Biological assets		
Vineyards	1 493	2 161
Livestock – cattle	91	89
Livestock – poultry	94 623	56 190
	96 207	58 440
Less: Realisable within 12 months, transferred to current assets	(94 623)	(56 190)
	1 584	2 250
<p>Poultry includes point-of-lay hens, day-old-chicks, broilers and eggs.</p> <p>The Group is engaged in dried fruit and poultry production for supply to various customers.</p> <p>At 30 September, the Group held the following biological assets to produce mainly eggs and poultry meat:</p>		
	Number	Number
Chickens – laying	3 878 747	1 469 406
Chickens – broilers	3 735 322	3 357 938
Chickens – grand parents	2 388	3 318
Hatching eggs	5 157 979	6 078 963
Land – hectares	119	121
Cattle	111	112
<p>The following is the agricultural produce of the Group for the year ended 30 September:</p>		
Dozens of eggs	31 197 657	7 272 841
Kilograms meat	50 424 075	48 507 555
Number of day-old chicks	48 341 947	47 823 913
Number of point-of-lay hens	5 875 202	3 636 732
Number of culls	1 386 376	220 055
Rand value of vegetables produced	726 994	666 908
Kilograms fresh grapes produced	1 045 704	1 872 148
	R'000	R'000
14. Interest in joint ventures (Appendix B)		
Unsecured loans	21 915	21 500
Proportionately consolidated amounts of joint ventures included in the financial statements		
Long-term liabilities	(13 722)	(13 870)
Deferred taxation	(1 153)	(580)
Property, plant, equipment and intangible assets	91 922	75 869
Current assets	69 068	61 298
Current liabilities	(50 773)	(46 939)
Interest in joint ventures	95 342	75 778
Revenue	219 111	284 116
Net cash generated	14 190	(3 844)
15. Investments in associates (Appendix C)		
Unlisted shares at cost	–	93
Interest in retained earnings	–	426
Unsecured loans	998	794
	998	1 313

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005 R'000	2004 R'000
16. Other financial assets		
Shares in other companies at cost		
<i>Listed</i>	15 558	10 652
At cost	7 192	6 994
Fair value adjustment at end of year	8 366	3 658
<i>Unlisted</i>	2 921	11 107
Available-for-sale at fair value	18 479	21 759
Held-to-maturity at amortised cost (unlisted)	-	150 088
Total investments	18 479	171 847
Less: Portion of investments indicated as current assets	-	(150 088)
	18 479	21 759
A register with full detail is available at the Company's registered office.		
Market value of listed shares	15 558	10 652
17. Inventory		
Raw material	461 766	594 955
Manufactured products	381 596	314 673
Packaging and consumables	128 153	102 549
	971 515	1 012 177
Inventory carried at net realisable value amounts to R19 290 047 (2004: R150 653 935).		
18. Accounts receivable		
Staff	952	3 115
Trade receivables	971 700	827 795
Derivative financial instruments (Appendix E)	4 819	5 748
Prepaid expenses	13 526	9 790
Related parties	17 154	16 330
Other	39 032	17 862
	1 047 183	880 640
Provision for impairment	(29 580)	(30 730)
	1 017 603	849 910
Non-current portion: Loans	(2 060)	(2 677)
	1 015 543	847 233
19. Cash and cash equivalents		
Cash at bank and on hand	76 414	64 596
Short-term bank deposits	96 221	207 554
	172 635	272 150
For the purposes of the cash flow statement, the year end cash, cash equivalents and short-term borrowings comprised of the following:		
Cash and short-term investments	172 635	272 150
Short-term borrowings	(642 089)	(273 687)
Bank overdraft	(11 089)	(6 365)
Call loans and bank acceptances	(631 000)	(267 322)
	(469 454)	(1 537)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
20. Share capital		
Authorised 400 000 000 (2004: 400 000 000) ordinary shares of 10 cents each	40 000	40 000
Issued and fully paid		
181 183 898 (2004: 183 239 486) ordinary shares of 10 cents each	18 118	18 324
Treasury shares bought by the share incentive trusts: 107 306 (2004: 2 640 077) ordinary shares of 10 cents each	(1 227)	(1 216)
Net treasury shares bought by subsidiary: 16 818 485 (2004: 1 780 669 sold) ordinary shares of 10 cents each	(1 812)	(130)
	15 079	16 978
	Number	Number
Reconciliation of shares outstanding		
Balance at beginning of year	183 239 486	183 066 475
Shares cancelled during the year	(2 055 588)	–
Shares issued during the year	–	173 011
	181 183 898	183 239 486
During the year the Company issued nil (2004: 173 011) ordinary shares at a premium of Rnil (2004: R6,92).		
During the year the Company bought back 2 055 588 (2004: nil) ordinary shares at a premium of R12,40. The total amount paid was R25 694 850 (2004: Rnil).		
During the year the Company cancelled 2 055 588 (2004: nil) ordinary shares.		
20 000 000 (2004: 20 000 000) unissued ordinary shares are under control of the directors until the next annual general meeting.		
During the year the Company acquired 17 153 094 (2004: 2 755 118) of its own shares through a wholly-owned subsidiary. These transactions were in accordance with the Company's constitution and complied with all aspects of the South African Companies Act. The total amount paid was R185 152 036 (2004: R19 340 928).		
The Group has a share option scheme for certain employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the grant date. The vesting period is 5 years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.		
	'000	'000
Unallocated under control of directors	1 359	703
Shares allotted in terms of purchase scheme: At R3,80 per share, redeemable up to 28 February 2007	398	478
Shares under option in terms of option scheme: Number at the end of the year	10 509	10 977
Number at the beginning of the year	10 977	6 223
Redeemed	(1 784)	(2 503)
Expired	(168)	(121)
New offer at R8,65 per share	–	7 378
New offer at R14,05 per share	1 484	–
Number of shares made available	12 266	12 158

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 '000	2004 '000
	Number	Number
20. Share capital (continued)		
At R3,80 per share, exercisable up to 5 July 2009	967	1 709
At R2,80 per share, exercisable up to 6 July 2009	668	1 233
At R4,70 per share, exercisable up to 1 February 2010	10	171
At R3,30 per share, exercisable up to 18 October 2010	285	522
At R8,65 per share, exercisable up to 27 May 2014	7 107	7 342
At R14,05 per share, exercisable up to 24 December 2014	1 472	–
Number of options	10 509	10 977
	R'000	R'000
21. Non-distributable reserves		
Statutory reserve	3 008	3 518
Fair value reserve	9 344	3 658
Reserve relating to translation of foreign currency	(4 472)	(2 208)
Hedging reserve	1 947	(7 881)
	9 827	(2 913)
22. Long-term liabilities		
22.1 Secured financing (Appendix A)	105 872	155 570
Lease agreements	173	2 985
Hire purchases	2 169	25 865
Other	103 530	126 720
22.2 Unsecured financing (Appendix A)	12 745	186 879
Total long-term liabilities	118 617	342 449
Less: Portion of liabilities payable within one year and included in current liabilities	(38 992)	(207 189)
	79 625	135 260
23. Deferred taxation		
Balance at beginning of year	67 568	64 616
As previously stated	68 798	65 199
Effect of change in accounting policy	(1 230)	(583)
Charge in income statement	3 374	27 496
Adjustment to prior year business combination	39 455	–
Foreign exchange translation adjustment	(236)	–
Rate change	(2 207)	–
Subsequent recognition of deferred tax on prior year business combinations	24 904	–
Deferred taxation on fair value adjustment of available-for-sale investments charged to equity	1 234	–
Business combinations	53 627	–
Adjustment due to changes of interest in subsidiaries	225	(24 544)
	187 944	67 568
Due to the following timing differences:		
Capital allowances, including trademarks	207 045	82 737
Inventory	3 253	1 636
Biological assets	25 377	15 406
Assessed losses utilised	(35 119)	(29 958)
Other	(12 612)	(2 253)
	187 944	67 568
For the purposes of the balance sheet deferred taxation is presented as follows:		
Non-current assets	20 643	27 398
Non-current liabilities	(208 587)	(94 966)
	(187 944)	(67 568)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005	2004
	R'000	R'000
24. Provisions		
<i>Post-retirement medical benefits</i>	60 411	56 105
Balance at beginning of year	56 105	60 258
Interest	6 640	6 276
Actuarial gain	(9 278)	(775)
Service cost	333	311
Contingent risk re-assessment	–	(7 846)
Actuarial gain deferred (refer note 33.2)	9 278	775
Payments	(2 667)	(2 894)
<i>Long service awards</i>	16 152	16 801
Balance at beginning of year	16 801	–
Interest	2 016	–
Provision raised	–	16 801
Service cost	3 184	–
Payments	(5 849)	–
	76 563	72 906
Existing provisions are based on the following important assumptions:		
Medical inflation rate: 9% p.a. (2004: 12%)		
Investment rate of return: 9% p.a. (2004: 12%)		
Discounting rate: 12% p.a. (2004: 12%)		
The date of the most recent actuarial valuation is 1 October 2005.		
25. Accounts payable		
Trade creditors	609 742	528 863
Derivative financial instruments (Appendix E)	6 406	11 022
Accrued expenses	111 624	74 662
Related parties	1 165	1 213
Deferred revenue	2 154	404
Other	209 717	164 578
	940 808	780 742
26. Bank overdraft		
Overdraft accounts are secured as follows:		
Subordination agreement by Pioneer Foods Holdings Ltd in favour of all creditors in Pioneer Foods (Pty) Ltd for R200 million.		
27. Financial instruments		
The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, foreign currency risk and commodity risk.		
27.1 Interest rate risk		
The Group borrows at both fixed and variable rates of interest. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.		
The interest rate profile as at 30 September is summarised as follows:		
Variable rate	117 982	175 206
Fixed rate	635	167 243
Total loans	118 617	342 449

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
27. Financial instruments (continued)		
27.1 Interest rate risk (continued)		
Percentage of total loans:	%	%
Variable rate	99,5	51,2
Fixed rate	0,5	48,8
Total loans	100,0	100,0
Refer to appendix A for appropriate interest rates.		
The Group's financial assets subject to interest rate risk include cash, short-term bank deposits, loans to associated companies and joint ventures. Cash and short-term bank deposits are invested at variable rates. At 30 September 2005 R96 220 802 (2004: R207 553 986) was invested at rates that varied from 6,9% to 7,0% (2004: 7,2% to 7,3%).		
Loans to associates and joint ventures were made at variable rates, that varied from 6,7% to 10,5% at year end (2004: 8,25% to 16,0%) or loans are interest free.		
The Group uses interest rate swap transactions to achieve a suitable interest rate profile.		
As at 30 September 2004 the Group was a party to an interest rate swap agreement. The principal amount of R109 million for a loan with variable interest rates of 8,1% and 7,5%, linked to Jibar interest rates, was exchanged for a fixed interest rate of 9,2%. This agreement expired during 2005.		
27.2 Credit risk		
Financial assets that potentially subject the Group to concentration of credit risk consist principally of cash, short-term deposits and trade debtors. The Group's cash equivalents and short-term deposits are placed with creditable financial institutions.		
Trade debtors are presented gross of the allowance for impairment. Trade debtors are subject to credit limits, control and approval procedures. Credit risk with respect to trade debtors is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas. Consequently, the Group has no significant concentration of credit risk.		
	R'000	R'000
27.3 Liquidity risk		
In order to mitigate any liquidity risk that the Group may face, the Group's policy is to maintain substantial unutilised banking facilities and reserve borrowing capacity as well as significant liquid resources.		
The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently, Group policy requires that sufficient borrowing facilities are available to exceed projected peak borrowings.		
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	2 325 393	2 002 382
Net interest bearing liabilities	(588 071)	(343 986)
	1 737 322	1 658 396

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005 R'000	2004 R'000
27. Financial instruments (<i>continued</i>)		
27.4 Foreign currency risk		
The Group manages short-term foreign currency exposure relating to trade imports and exports, in terms of approved policy limits. The net uncovered rand value exposure at 30 September 2005 was R10 250 385 (2004: R23 845 245). The Group's policy is to hedge all asset imports. All other significant foreign trade positions in the Group were fully covered with foreign exchange contracts at 30 September 2005.		
Refer to appendix E for material foreign exchange contracts.		
27.5 Fair values		
The carrying amounts of cash, accounts receivable, accounts payable and short-term borrowings, approximate their fair values due to the short term until maturity of these assets and liabilities.		
The fair values of other financial assets are presented in note 16. The fair values of other long-term investments and long-term borrowings are not materially different from the carrying amounts.		
27.6 Commodity risk		
Commodity contracts to buy specific quantities of wheat and maize at predetermined prices are entered into by the Group to cover its physical commodity requirements.		
Generally, it is the Group's intent to hedge the cost of such commodities, in order to manage any price risk arising from fluctuations in commodity prices. The objective of the pricing and procurement process is to flatten the price curve of commodity price movements. Hedging is achieved by buying the underlying commodity or by using an appropriate derivative commodity instrument.		
Commodities are hedged within the limits approved by the board of directors. The policy is sufficiently flexible to allow management to rapidly adjust their hedges following possible changes in raw material needs.		
Refer to appendix E for material commodity instruments.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
28. Contingent liabilities		
Contingent liabilities should not exceed the following amounts:		
Guarantees in terms of loans by third parties to contracted service providers, secured by mortgage bonds and hire purchase agreements	206 292	217 535
Guarantees	17 708	25 500
Items of associates and joint ventures	-	-
	224 000	243 035
It is not anticipated that any material transactions will arise from contingent liabilities.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year	25 520	18 058
Later than 1 year, but not later than 5 years	68 206	47 695
Later than 5 years	17 468	18 997
	111 194	84 750
Operating lease receivables		
The future minimum lease payments receivable under non-cancellable operating leases are as follows:		
Not later than 1 year	2 241	1 846
Later than 1 year, but not later than 5 years	7 096	4 026
Later than 5 years	3 748	4 447
	13 085	10 319
29. Future capital commitments		
Contractually committed	201 413	184 387
Approved by the board, but not yet contractually committed	330 322	319 935
Items of joint ventures	5 646	3 019
	537 381	507 341
Allocated as follows:		
Property, plant and equipment	534 916	507 194
Biological assets	2 465	147
	537 381	507 341
The expenditure will be financed from operating income and borrowed funds, in accordance with a budget approved by the board.		
30. Retirement benefits		
The Group contributes to retirement and provident funds for all its employees that are administered by several service providers. These retirement and provident funds are fixed contribution plans which are arranged and governed by the Pension Fund Act of 1956, and no actuarial valuation is required.		
31. Government grants		
The Group obtained and deferred as income a government grant of R2 761 946 (2004: R562 249). The Group benefits from such assistance for capital expenditure.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005	2004
	R'000	R'000
32. Related party transactions		
During the financial year the Company and its subsidiaries conducted numerous transactions with joint ventures and associates ((Pty) Ltd except where indicated otherwise).		
<i>Net purchases from / (sales to) related parties</i>	(28 735)	(19 702)
Credin Bakery Supplies (*)	–	2 711
Ceres Fruit Juices Investment Holdings (*)	–	(450)
Bokomo Foods (UK) Ltd (*)	–	(15)
Sosoy	(178)	(259)
Heinz Foods SA	(6 726)	1 968
Bowman Ingredients SA	(3 618)	(2 637)
Bokomo Botswana	(19 375)	(22 275)
Lohmann Breeding SA	1 162	1 255
<i>Net amounts receivable from / (owing to) related parties at the end of the year</i>	37 904	36 930
Bokomo Botswana	15 451	12 740
Sosoy	2 793	990
Heinz Foods SA	10 957	14 992
Bowman Ingredients SA	7 845	7 082
Heinz Wellington's (@)	–	10
Zetmac (#)	–	387
Lohmann Breeding SA	858	729
<i>Net interest received from / (paid to) related parties</i>	1 722	1 459
Bowman Ingredients SA	348	66
Ceres Fruit Juices Investment Holdings (*)	–	103
Bokomo Foods (UK) Ltd (*)	–	13
Sosoy	111	6
Heinz Foods SA	(25)	84
Bokomo Botswana	1 288	1 187
Note:		
(*): Wholly-owned subsidiary at 30 September 2005		
(@): Dormant at 30 September 2005		
(#): Sold during the year ended 30 September 2005		
Above-mentioned amounts are included in the amounts disclosed in the Group financial statements.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
33. Change in accounting policy		
33.1 Operating leases – fixed rate increases		
During the year the Group has changed its accounting policy with respect to the recognition of leases with fixed escalation terms. AC105 requires payments and receipts on such agreements to be recognised on a straight-line basis over the term of the lease, to be representative of the time pattern of the benefit arising from the lease. Previously, the Group recognised the expense or income in the same period as incurred or received. The Group has changed this policy and the financial statements have been prepared accordingly.		
Comparative figures were restated.		
The impact of this change in accounting policy on the financial statements is summarised as follows:		
Income statement		
Decrease in net profit before tax	(1 870)	(2 268)
Tax effect	537	647
Decrease in net profit for the year	(1 333)	(1 621)
Balance sheet		
Deferred taxation decrease	1 767	1 230
Accounts payable increase	(8 005)	(6 135)
Retained earnings decrease	(6 238)	(4 905)
Less: Impact on profit for the year	1 333	1 621
Decreased restated opening balance of retained earnings	(4 905)	(3 284)
33.2 Actuarial gain or loss on post-retirement medical provision		
During the year the Group has changed its accounting policy with respect to the recognition of actuarial gains or losses on the post-retirement medical provision. Previously such gains and losses were recognised in the income statement immediately. The Group now only recognises such gains and losses in the income statement if these exceed the prior year closing balance of this provision by more than 10%. If these conditions are met, the gain or loss will be recognised in the income statement over the expected average remaining lives of the members.		
The impact of this change in accounting policy on the financial statements is summarised as follows:		
Income statement		
Decrease in net profit before tax	–	(775)
Tax effect	–	–
Decrease in net profit for the year	–	(775)
Balance sheet		
Deferred taxation	–	–
Provisions increase	(775)	(775)
Retained earnings decrease	(775)	(775)
Less: Impact on profit for the year	–	775
Decreased restated opening balance of retained earnings	(775)	–
Restatement of opening retained earnings due to the changes in accounting policy:		
Gross decrease in retained earnings	(6 910)	(3 867)
Deferred taxation	1 230	583
Net decrease in retained earnings	(5 680)	(3 284)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005 R'000	2004 R'000
33. Change in accounting policy (<i>continued</i>)		
33.3 Amortisation of goodwill and negative goodwill		
During the year the Group has changed its accounting policy with respect to the amortisation of goodwill and negative goodwill. Goodwill was previously amortised over its expected useful life. It is now no longer amortised, but tested for impairment annually. Negative goodwill, that was previously amortised over its expected useful life, is now recognised in profit or loss immediately. In accordance with the transitional provisions of IFRS 3, these changes were applied prospectively with no impact on comparative figures. Negative goodwill of R24 215 305 was derecognised to equity on 1 October 2004.		
34. Cash profit from operating activities		
Reconciliation of profit before tax and cash profit from operating activities:		
Profit before tax	635 940	532 671
Adjustment for:		
Depreciation	228 606	181 478
Impairment of property, plant, equipment and intangible assets	10 292	2 253
Profit on disposal of property, plant, equipment and intangible assets	(14 489)	(42 827)
Profit on disposal of investments	(6 133)	(1 362)
(Profit) / loss on disposal of subsidiary	(76)	965
Unrealised foreign exchange and forward foreign exchange contracts losses / (gains)	5 670	(10 032)
Fair value of embedded derivative financial instruments	(3 171)	5 934
Change in provision for accounts receivable impairment	(1 150)	(7 017)
Changes in provisions for post-retirement medical benefits and long service awards	12 173	15 438
Goodwill reversal due to deferred taxation asset recognised subsequent to business combination	5 333	–
Goodwill (written back) / amortised	(10 357)	34 943
Negative goodwill amortised	–	(4 567)
Biological non-current asset adjustments	666	505
Dividends received	(16 579)	(21 851)
Interest received	(12 858)	(18 967)
Interest paid	82 046	60 323
(Profit) /loss from associated companies	(998)	3 806
	914 915	731 693
35. Working capital changes		
Decrease / (increase) in inventory	124 519	(143 019)
Increase in accounts receivable	(120 487)	(27 356)
Increase in accounts payable	137 427	110 450
(Increase) / decrease in current biological assets	(15 372)	835
Provisions paid	(8 516)	(2 894)
	117 571	(61 984)
36. Dividends paid		
Amounts unpaid at beginning of the year	(940)	(701)
As disclosed in statement of changes in equity	(106 000)	(82 000)
Dividends received on treasury shares of share incentive trusts	6 242	3 302
Dividends received on treasury shares of subsidiary	8 853	2 117
Amounts unpaid at end of the year	436	940
	(91 409)	(76 342)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (continued)

	Group	
	2005 R'000	2004 R'000
37. Tax paid		
Amounts unpaid at beginning of the year	(33 937)	(60 183)
As disclosed in the income statement	(166 380)	(139 194)
Disposal of subsidiaries	(449)	(2 332)
Business combinations	(1 480)	-
Normal SA tax on hedging reserve	(3 378)	-
As disclosed in the statement of changes in equity - hedging reserve	(795)	3 378
Amounts unpaid at end of the year	74 538	33 937
	(131 881)	(164 394)
38. Proceeds on disposal of property, plant, equipment and intangible assets		
Book value of property, plant, equipment and intangible assets	5 971	32 984
Profit on disposal of property, plant, equipment and intangible assets	14 489	42 827
	20 460	75 811
39. Proceeds on disposal of investments		
Book value of investments	177 176	135 216
Profit on disposal of investments	6 133	1 362
	183 309	136 578
40. Net (disposal) / acquisition of subsidiaries		
Effect on movement of:		
Property, plant and equipment	-	91 280
Intangible assets, excluding goodwill	-	2 697
Interest in associates	(1 292)	(2)
Inventory	(4 838)	34 135
Accounts receivable	(4)	70 684
Bank	-	14 139
Short-term borrowings	-	(24 750)
Accounts payable	129	(41 594)
Provisions	-	(104)
Long-term liabilities	5 158	(32 750)
Short-term portion of long-term liabilities	-	(3 063)
Taxation liabilities	(449)	(2 332)
Minority interest	546	(12 258)
Deferred taxation	(225)	24 544
(Profit) / loss on disposal of subsidiary	(76)	965
Fair value of net assets acquired	(1 051)	121 591
Goodwill on acquisition	-	104 971
Negative goodwill on acquisition	-	(14 223)
Total (proceeds) / purchase consideration	(1 051)	212 339

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005	2004
	R'000	R'000
41. Business combinations (Appendix F)		
Effect on movement of:		
Property, plant and equipment	135 396	15 000
Intangible assets	285 602	120 000
Biological assets	23 061	–
Inventory	88 695	13 664
Accounts receivable	43 320	–
Bank	(4 418)	–
Accounts payable	(19 533)	–
Taxation liabilities	(1 480)	–
Deferred taxation	(53 627)	–
	497 016	148 664
42. Segment information		
The primary segmental disclosure is business segments. Business segments are divided into the following:		
Staple foods		
Branded products		
Staple foods include Sasko, Agri, S.A.D non-branded products and Africa business. Branded products include Bokomo Foods, Ceres Fruit Juices, Heinz and S.A.D. The secondary segment comprises mainly South Africa.		
Segment assets consist of property, plant and equipment, intangible assets, inventory, accounts receivable and cash and cash equivalents, and exclude investments, deferred taxation and loans receivable.		
Segment liabilities consist of accounts payable and provisions, and exclude long-term and taxation liabilities, deferred taxation and dividends payable.		
Segment capital expenditure consist of additions and replacements of property, plant and equipment and intangible assets.		
Unallocated amounts include non-qualifying business segments.		
Primary reporting format – business segments		
Segment revenue	8 629 998	7 745 709
Staple foods	6 252 655	6 064 327
Branded products	2 179 631	1 505 675
Unallocated	197 712	175 707
Less: Internal revenue	(183 690)	(154 497)
Staple foods	(70 334)	(63 261)
Branded products	(43 465)	(29 403)
Unallocated	(69 891)	(61 833)
External revenue	8 446 308	7 591 212
Segment results	672 121	545 387
Staple foods	513 523	425 914
Branded products	188 231	144 789
Unallocated	(29 633)	(25 316)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005 R'000	2004 R'000
42. Segment information (continued)		
Total segment assets	3 515 447	3 164 291
Staple foods	2 153 275	1 994 934
Branded products	1 695 255	1 050 621
Unallocated	(333 083)	118 736
Total segment liabilities	1 017 371	853 648
Staple foods	638 736	594 824
Branded products	287 072	188 351
Unallocated	91 563	70 473
Total segment capital expenditure (excluding business combinations)	366 354	305 614
Staple foods	249 104	175 813
Branded products	86 039	85 025
Unallocated	31 211	44 776
Total segment depreciation	228 606	181 478
Staple foods	128 549	111 850
Branded products	77 296	52 286
Unallocated	22 761	17 342
Non-cash results	24 058	12 848
Staple foods	14 486	4 299
Branded products	5 252	(66 231)
Unallocated	4 320	74 780
Impairment of property, plant, equipment and intangible assets	8 628	2 253
Staple foods	7 859	1 313
Branded products	769	940
Unallocated	-	-
Secondary reporting format – geographical segments		
Segment revenue	8 629 998	7 745 709
South Africa	8 385 342	7 575 729
Foreign countries	244 656	169 980
Less: Internal revenue	(183 690)	(154 497)
South Africa	(180 731)	(154 497)
Foreign countries	(2 959)	-
External revenue	8 446 308	7 591 212
Total segment assets	3 515 447	3 164 291
South Africa	3 334 778	3 037 762
Foreign countries	180 669	126 529
Total segment capital expenditure (excluding business combinations)	366 354	305 614
South Africa	354 406	280 598
Foreign countries	11 948	25 016

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2005 (*continued*)

	Group	
	2005 R'000	2004 R'000
43. Comparative figures		
Certain comparative figures have been restated due to changes in presentation.		
43.1 Insurance claims		
Insurance claims received for lost assets amounting to R3 117 384 was previously disclosed as an exceptional item. This has been restated to other operating income in the income statement. This resulted in an increase in headline earnings before tax of R3 117 384 and after tax of R2 182 169.		
43.2 Revenue definition		
Certain rebates and sundry income were previously not included in revenue. These items were rectified retrospectively for 2004. The 2004 income statement figures were restated. The impact is as follows:		
Revenue decrease	-	(50 105)
Cost of sales decrease	-	471
Other operating income increase	-	4 931
Distribution costs increase	-	(28 728)
Administrative expenses decrease	-	72 487
Other operating expenses decrease	-	944
Impact on operating profit	-	-
43.3 Computer software		
Computer software is now disclosed separately. At 30 September 2004 this figure was included in plant, machinery & equipment. The 2004 balance sheet and appendix D have been restated accordingly. A book value of R14 674 374 at this date, is now included under intangible assets.		

APPENDIX A LONG-TERM LIABILITIES

		Group			
		Year of redemption	Interest rate at year end (%)	2005 R'000	2004 R'000
1.	Secured financing			105 872	155 570
1.1	Lease agreements			173	2 985
	Monthly payments	2005	–	–	2 750
	Instalment of Rnil (2004: R157 821)				
	Monthly payments	2009	5,3	173	235
	Instalment of R4 556 (2004: R4 696)				
	Property, plant and equipment with a book value of R219 132 (2004: R321 387) are encumbered				
1.2	Hire purchases			2 169	25 865
	Monthly payments	2006 - 2007	11,1	2 169	2 476
	Instalment of R112 851 (2004: R120 429)				
	Secured by suretyship from minority shareholders of Maitland Vinegar Works (Pty) Ltd and by notarial covering bonds over certain property, plant and equipment				
	Monthly payments	2005	–	–	23 389
	Instalment of Rnil (2004: R581 840)				
	Property, plant and equipment with a book value of R31 371 008, were encumbered in terms of instalment sale agreements during 2004				
1.3	Other			103 530	126 720
	Monthly payments	2006	9,0	565	785
	Instalment of R18 653 (2004: R18 653)				
	Secured by mortgages over land and buildings				
	Monthly payments	2008	15,0	2 283	3 315
	Instalment of R80 605 (2004: R93 194)				
	Secured by mortgages over land and buildings for R6 982 804 (2004: R8 071 200)				
	Monthly payments	2005	–	–	5 022
	Instalment of Rnil (2004: R51 070)				
	Secured by mortgages over land and buildings				
	Monthly payments	2019	5,4	18 919	1 960
	Instalment of R275 854 (2004: R57 976)				
	Secured by mortgages over land and buildings				
	Monthly payments	2009	11,5	1 582	4 253
	Variable instalment				
	Secured by a notarial bond over movable assets amounting to R2 628 731 (2004: R3 114 806)				
	Monthly payments	2011	10,5	2 083	2 440
	Instalment of R29 762 (2004: R29 762)				
	Secured by suretyships from minority shareholders of Maitland Vinegar Works (Pty) Ltd and a notarial bond of R550 000 (2004: R550 000) over movable property				
	Quarterly payments	2007	7,2	78 098	108 945
	Instalment of R9 940 307 (2004: R10 158 621)				
	Secured by a guarantee				

APPENDIX A LONG-TERM LIABILITIES (CONTINUED)

				Group	
				2005	2004
				R'000	R'000
	Year of redemption	Interest rate at year end (%)			
2. Unsecured financing				12 745	186 879
Loans				750	1 656
Variable interest rates with no fixed terms of repayment					
Loans				11 360	17 980
Interest free with no fixed terms of repayment					
Lump sum payment	2005	–		–	166 554
Loan at fixed interest rates					
Monthly payments	2010	15,0		635	689
Instalment of R16 133 (2004: R16 133)					
Loan at fixed interest rates					
Total amount owing				118 617	342 449
Portion of liabilities payable within one year included in current liabilities				(38 992)	(207 189)
				79 625	135 260
Note:					
Book value of machinery and vehicles encumbered in terms of lease agreements as per appendix D				1	3 523

				Group		
				Capital	Interest cost	Instalment
				R'000	R'000	R'000
3. Minimum lease payments and hire purchase payments						
2005						
Not later than 1 year				988	201	1 189
Later than 1 year and not later than 5 years				1 354	237	1 591
				2 342	438	2 780
2004						
Not later than 1 year				8 164	2 122	10 286
Later than 1 year and not later than 5 years				20 686	2 631	23 317
				28 850	4 753	33 603

APPENDIX B INTEREST IN SUBSIDIARIES AND JOINT VENTURES

Name of subsidiary (Pty) Ltd (Except where indicated otherwise)	Issued share capital of subsidiary		Group Percentage interest	
	2005	2004	2005	2004
	R (Except where indicated otherwise)	R	%	%
1. Subsidiaries				
1.1 Manufacturing				
Agri Protein Processing	100	100	100	100
Ayos Foods *	1	1	100	100
Belso's Holdings Ltd				
– Deferred ordinary shares \$	GBP 1 002	–	100	–
– Ordinary shares \$	USD 625	–	100	–
Belso's (UK) Cereals Ltd \$	GBP 1 000	–	100	–
Belso's Properties Ltd \$	GBP 2	–	100	–
Bokomo Foods (UK) Ltd	GBP 1 500 120	GBP 120	100	100
Credin Bakery Supplies	10 000	10 000	100	100
Ceres Fruit Juices \$	100 000	100 000	100	75
Ceres Fruit Juices Investment Holdings	100	100	100	100
Ceres Investment Company Ltd	195 000	195 000	100	100
Retail Brands Interafrica \$	1 000	1 000	100	75
Continental Beverages \$	1 000	1 000	100	75
Thomson Broilers *	1 000	1 000	100	55
Pioneer Foods	252	252	100	100
Bokomo Namibia	4 000	4 000	100	100
Bokomo Zambia Ltd				
– Ordinary shares	K 2 000 000	K 2 000 000	100	100
– Preference shares	K 200 000	K 200 000	100	100
Bokomo Uganda	US\$ 20 000	US\$ 20 000	100	100
Sasko Pasta	1 000	1 000	100	100
Umtata Bakers *	2	2	100	100
Ulundi Bakery Ltd @	–	225 000	–	100
Sugarbird				
– Ordinary shares #	100	100	100	100
– Preference shares #	20 000	20 000	100	100
S.A.D Vine Fruit *	1 000	1 000	100	100
S.A.D Tree Fruit *	1 000	1 000	100	100
Barvale	92 200	92 200	100	100
Cape Dried Fruit *	6 000	6 000	100	100
Laeveld Neute *	74 000	74 000	100	100
Levubu Makadamias &	–	14 300	–	63
Maitland Vinegar Works	460 593	460 593	68	68
Nature's Source *	1	1	100	100
Sador Boerdery	1	1	100	100
Safari Nuts %	204	204	100	100
Werda Produkte *	500	500	100	75
Golden Lay Foods \$	100	–	100	–
1.2 Properties and letting				
Saslink	1	1	100	100
Sasned	2	2	100	100
1.3 Investments				
Pioneer Foods Holdings Ltd	220	220	100	100
S.A.D Holdings Ltd *	82 087 000	82 087 000	100	100
S.A.D Groepbeleggings *	100 000	100 000	100	100
S.A.D Foods Ltd *	100 000	100 000	100	100
1.4 Services				
Sasguard Insurance Company Ltd	30 000	30 000	100	100
1.5 Packaging				
Craft Box Corrugated	200	200	100	100
1.6 Marketing and sales				
S.A.D Food Exports *	6	6	100	100
S.A.D Food Sales *	100	100	100	100
S.A.D Food Services *	400	400	100	100

APPENDIX B INTEREST IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

Name of joint venture (Pty) Ltd (Except where indicated otherwise)	Group Percentage interest		Group Loans	
	2005 %	2004 %	2005 R'000	2004 R'000
2. Joint Ventures				
Bakeries and other food				
Bokomo Botswana	50	50	3 126	-
Bowman Ingredients SA	50	50	7 222	6 096
Lohmann Breeding SA	50	50	750	750
Sosoy	50	50	1 461	606
Heinz Foods SA	50	50	9 356	14 048
			21 915	21 500

Note:

- * Dormant at 30 September 2005 and in process of deregistration
- # Dormant on 30 September 2005 after assets and liabilities were transferred to another Group company in terms of section 45 of the Income Tax Act
- @ Deregistered during 2005
- & Sold during 2005
- \$ Became wholly-owned subsidiaries during 2005
- % Previously known as Star Food Processors

APPENDIX C INTEREST IN ASSOCIATED COMPANIES

Name of associated company (Pty) Ltd (Except where indicated otherwise)	Group Percentage interest		Group Cost of shares		Group Loans		
	2005 %	2004 %	2005 R'000	2004 R'000	2005 R'000	2004 R'000	
1. Properties and letting							
Barberton Bakery Property	*	50	50	–	–	998	–
2. Manufacturing							
Heinz Wellington's	*	40	40	–	–	–	20
Zetmac	&	–	31	–	93	–	774
Total cost of shares held				–	93	998	794
Interest in retained profit and reserves				–	426		
Balance beginning of year				426	12 096		
Disposal of associates				(426)	(2 452)		
Taxation of associates				–	(685)		
Dividend received				–	(4 727)		
Loss for the year				–	(3 806)		
Loans granted				998	794		
				998	1 313		
Directors' valuation of unlisted shares				–	519		
The following are the combined, summarised balance sheets of above-mentioned associated companies as per their audited financial statements:							
Non-current assets				1	4 132		
Current assets				1 452	2 343		
Total assets				1 453	6 475		
Non-current liabilities				2 756	5 235		
Current liabilities				21	1 142		
Total liabilities				2 777	6 377		
Capital and reserves				(1 324)	98		
Total equity and liabilities				1 453	6 475		
The following are the combined, summarised income statements of these associated companies (after interest was acquired):							
Revenue				–	80 926		
Operating profit				–	6 084		
Net loss				–	(10 198)		

Note:

* Dormant at 30 September 2005

& Sold during 2005

APPENDIX D PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Own assets	Group			Leased assets	
	Land and buildings R'000	Plant, machinery & equipment R'000	Vehicles R'000	Plant, machinery & equipment R'000	Vehicles R'000
30 September 2005					
Cost					
At 1 October 2004	564 324	1 618 423	299 396	12 091	2 265
Additions and transfers	62 855	245 142	58 645	(4 483)	(2 233)
Business combinations	38 489	97 875	7 867	-	-
Foreign exchange adjustment	(2 044)	(3 438)	(54)	-	-
Disposals	(4 923)	(38 852)	(19 165)	(198)	-
At 30 September 2005	658 701	1 919 150	346 689	7 410	32
Accumulated depreciation					
At 1 October 2004	256 870	1 060 340	236 993	9 662	1 171
Charge for the year	31 685	133 325	41 797	448	580
Transfers	6	2 497	1 718	(2 503)	(1 719)
Business combinations	3 179	5 589	67	-	-
Foreign exchange adjustment	(79)	(1 031)	(30)	-	-
Depreciation on disposals	(2 578)	(36 146)	(18 245)	(198)	-
At 30 September 2005	289 083	1 164 574	262 300	7 409	32
Net book value at 30 September 2005	369 618	754 576	84 389	1	-
Total - 2005	1 208 583			1	
Total property, plant and equipment - 2005	1 208 584				
30 September 2004					
Cost					
At 1 October 2003	508 125	1 356 971	275 482	13 921	1 465
Additions and transfers	43 369	217 197	42 811	(8 054)	(284)
Acquisition of subsidiaries	23 080	132 013	2 556	6 261	1 032
Business combinations	5 000	9 648	352	-	-
Foreign exchange adjustment	(319)	(1,529)	(7)	-	-
Disposals	(14 931)	(95 877)	(21 798)	(37)	52
At 30 September 2004	564 324	1 618 423	299 396	12 091	2 265
Accumulated depreciation					
At 1 October 2003	234 281	953 697	219 705	10 554	1 041
Charge for the year	25 737	109 423	35 716	324	484
Transfers	(954)	4 991	1 229	(4 198)	(1 073)
Acquisition of subsidiaries	4 302	64 815	859	3 019	667
Impairments	-	1,310	-	-	-
Foreign exchange adjustment	(43)	(911)	(11)	-	-
Depreciation on disposals	(6 453)	(72 985)	(20 505)	(37)	52
At 30 September 2004	256 870	1 060 340	236 993	9 662	1 171
Net book value at 30 September 2004	307 454	558 083	62 403	2 429	1 094
Total - 2004	927 940			3 523	
Total property, plant and equipment - 2004	931 463				

APPENDIX D PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

Intangible assets	Group				Negative Goodwill R'000
	Trademarks R'000	Goodwill R'000	Intellectual Property R'000	Computer Software R'000	
30 September 2005					
Cost					
At 1 October 2004	170 990	331 784	700	39 185	(28 782)
Additions and transfers	671	-	-	5 757	-
Adjustments to prior year business combination	131 518	(69 047)	-	-	-
Deferred tax asset recognised subsequent to business combination	-	(5 333)	-	-	-
Business combinations	170 424	104 378	10 800	-	-
Subsequent recognition of deferred tax	-	24 904	-	-	-
Foreign exchange adjustment	(72)	(971)	-	-	-
Transfer from accumulated depreciation	-	(115 823)	-	-	-
Derecognised to reserves	-	-	-	-	28 782
Disposals	-	-	-	(109)	-
At 30 September 2005	473 531	269 892	11 500	44 833	-
Accumulated depreciation					
At 1 October 2004	52 860	124 516	42	24 511	(4 567)
Charge for the year	15 849	-	178	4 744	-
Derecognised to reserves	-	-	-	-	4 567
Transfers	-	-	-	1	-
Transfer to cost	-	(115 823)	-	-	-
Impairments	8,628	1,664	-	-	-
Reversal of goodwill amortisation	-	(10 357)	-	-	-
Depreciation on disposals	-	-	-	(109)	-
At 30 September 2005	77 337	-	220	29 147	-
Net book value at 30 September 2005	396 194	269 892	11 280	15 686	-
Total - 2005	693 052				-
30 September 2004					
Cost					
At 1 October 2003	74 256	177 927	-	26 477	-
Additions and transfers	536	8 920	700	14 978	(14 559)
Acquisition of subsidiaries	11 638	110 813	-	-	(14 223)
Business combinations	85 876	34 124	-	-	-
Disposals	(1 316)	-	-	(2 270)	-
At 30 September 2004	170 990	331 784	700	39 185	(28 782)
Accumulated depreciation					
At 1 October 2003	36 700	83 731	-	24 295	-
Charge for the year	7 276	34 943	42	2 476	(4 567)
Transfers	-	-	-	5	-
Acquisition of subsidiaries	8 941	5 842	-	-	-
Impairments	943	-	-	-	-
Depreciation on disposals	(1 000)	-	-	(2 265)	-
At 30 September 2004	52 860	124 516	42	24 511	(4 567)
Net book value at 30 September 2004	118 130	207 268	658	14 674	(24 215)
Total - 2004	340 730				(24 215)

APPENDIX E FINANCIAL INSTRUMENTS

Group						
	Foreign Amount 2005 '000	Rand Amount 2005 R'000	Fair Value 2005 R'000	Foreign Amount 2004 '000	Rand Amount 2004 R'000	Fair Value 2004 R'000
1. Derivative instruments earmarked for hedging						
<i>Commodity instruments</i>						
Options			1 657			754
Futures			1 085			(12 013)
2. Other derivative instruments (Currency forward contracts)						
<i>Purchases of foreign exchange contracts</i>						
United States dollar	19 050	121 681	(4 468)	10 385	69 196	(1 343)
Euro	1 239	9 609	(374)	3 184	27 877	(2 083)
British pound	73	821	(30)	14	160	2
Australian dollar	2 707	13 192	(195)	1 500	7 331	95
Swiss frank	750	3 720	(768)	750	4 488	(308)
<i>Sales of foreign exchange contracts</i>						
United States dollar	11 069	70 489	1 056	8 381	59 533	5 026
Euro	207	1 605	21	210	1 693	3
3. Embedded derivative financial instruments						
<i>Purchases of raw materials</i>						
United States dollar	13 925	92 607	3 726	3 791	25 594	648
<i>Sales of finished products</i>						
United States dollar	7 389	47 692	(555)	11 922	83 455	(6 582)
4. Interest rate swaps			-			(732)

APPENDIX F BUSINESS COMBINATIONS

	Group								Total of business combinations R'000
	Accolade Trading R'000	Golden Lay R'000	Kwality Biscuits R'000	Maizena, Marmite & Bovril R'000	Frucon R'000	Redro & Pecks R'000	Belso group of companies R'000		
Property, plant and equipment	22 720	47 089	30 474	-	20 000	4 000	11 113	135 396	
Trademarks	4 432	-	5 000	90 381	34 301	35 000	1 310	170 424	
Intellectual property	-	-	-	10 800	-	-	-	10 800	
Inventory	33 625	9 288	4 560	5 356	27 054	5 021	3 791	88 695	
Cash resources	-	10	-	-	-	-	(4 428)	(4 418)	
Accounts receivable	30 217	87	-	-	-	-	13 016	43 320	
Deferred taxation liability	(1 285)	-	(1 450)	(29 343)	(9 947)	(10 150)	(1 452)	(53 627)	
Taxation payable	-	-	-	-	-	-	(1 480)	(1 480)	
Accounts payable	(781)	(7 795)	-	-	(701)	-	(10 256)	(19 533)	
Biological assets	-	23 061	-	-	-	-	-	23 061	
Net assets acquired	88 928	71 740	38 584	77 194	70 707	33 871	11 614	392 638	
Goodwill	1 285	-	1 450	38 161	35 041	10 150	18 291	104 378	
Cash paid	90 213	71 740	40 034	115 355	105 748	44 021	29 905	497 016	
Cash acquired from businesses	-	(10)	-	-	-	-	4 428	4 418	
Net cash flow on acquisition of businesses	90 213	71 730	40 034	115 355	105 748	44 021	34 333	501 434	
Acquisition date	01/10/2004	11/10/2004	22/11/2004	01/04/2005	01/04/2005	29/08/2005	11/04/2005		
Interest in business acquired	100%	100%	100%	100%	100%	100%	100%		
Payment method	Cash	Cash	Cash	Cash	Cash	Cash	Cash		
Acquired by	PF	PF	PF	PF	CFJ	PF	BF		
Operating profit / (loss) since acquisition	6 388	*	(7 145)	6 846	5 879	576	(761)		
Pro forma operating profit / (loss) assuming acquisitions at beginning of year	6 388	*	(7 410)	12 650	21 984	3 175	1 559		
Revenue since acquisition	222 664	*	48 419	30 956	180 493	2 188	25 959		
Pro forma revenue assuming acquisitions at beginning of year	222 664	*	60 092	61 297	416 825	25 936	50 886		

PF - Pioneer Foods (Pty) Ltd
CFJ - Ceres Fruit Juices (Pty) Ltd
BF - Bokomo Foods (UK) Ltd

* - It is impracticable to disclose information for this business due to the extent of integration into the existing business subsequent to acquisition

APPENDIX G PIONEER FOOD GROUP LIMITED INCOME STATEMENT

for the year ended 30 September 2005

	Company	
	2005 R'000	2004 R'000
Other operating income	1 372	952
Other operating expenses	(1 288)	(772)
Operating profit	84	180
Investment income	106 000	81 973
Net profit before taxation	106 084	82 153
Taxation	(45)	(9)
Net profit for the year	106 039	82 144

BALANCE SHEET

as at 30 September 2005

	Company	
	2005 R'000	2004 R'000
ASSETS		
Non-current assets	1 332 040	1 226 040
Loan to wholly-owned subsidiary Pioneer Foods Holdings Limited	1 332 040	1 226 040
Current assets	44	50
Taxation receivable	42	48
Cash and short-term investments	2	2
Total Assets	1 332 084	1 226 090
EQUITY AND LIABILITIES		
Capital and reserves	1 100 344	1 126 000
Share capital	18 118	18 324
Share premium	747 128	772 617
Retained earnings	335 098	335 059
Current liabilities	231 740	100 090
Accounts payable	170	111
Current account subsidiary	231 314	99 218
Dividends payable	256	761
Total Liabilities	231 740	100 090
Total Equity and Liabilities	1 332 084	1 226 090

APPENDIX G PIONEER FOOD GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2005

	Company			
	Share capital R'000	Share premium R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2004	18 324	772 617	335 059	1 126 000
Net profit for the year	-	-	106 039	106 039
Final dividend for 2004	-	-	(70 000)	(70 000)
Interim dividend for 2005	-	-	(36 000)	(36 000)
Ordinary shares bought back	(206)	(25 489)	-	(25 695)
Balance as at 30 September 2005	18 118	747 128	335 098	1 100 344
Balance as at 1 October 2003	18 307	771 420	334 915	1 124 642
Net profit for the year	-	-	82 144	82 144
Final dividend for 2003	-	-	(52 000)	(52 000)
Interim dividend for 2004	-	-	(30 000)	(30 000)
Ordinary shares issued	17	1 197	-	1 214
Balance as at 30 September 2004	18 324	772 617	335 059	1 126 000

CASH FLOW STATEMENT

for the year ended 30 September 2005

	Company	
	2005 R'000	2004 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES	(401)	161
Net cash generated from operations	143	28
Interest received	-	1
Dividends received	106 000	81 972
Dividends paid	(106 505)	(81 761)
Tax paid	(39)	(79)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Net loans granted	(106 000)	(81 972)
Net cash deficit	(106 401)	(81 811)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	1 214
Ordinary shares bought back	(25 695)	-
Increase in current account with subsidiary	132 096	80 596
Net decrease in cash and short-term investments	-	(1)
Net cash and short-term investments at beginning of year	2	3
Net cash and short-term investments at end of year	2	2

SHAREHOLDERS' INFORMATION

for the year ended 30 September 2005

Analysis of shareholding	Number of shares ('000)	%
Kaap Agri Ltd	39 856	22,0
Moorreesburgse Koringboere (Pty) Ltd	22 077	12,2
Pioneer Foods (Pty) Ltd	18 118	10,0
Overberg Agri Ltd	16 747	9,2
Gardenview Nominees (Pty) Ltd	13 321	7,4
Pioneer Foods Employee Trusts	12 266	6,8
Other < 5%	58 799	32,4
	181 184	100,0

Distribution of shareholders	Number of shareholders	%	Number of shares ('000)	%
1 – 1 000	514	33,4	205	0,1
1 001 – 15 000	617	40,0	3 497	1,9
15 001 – 100 000	285	18,5	11 611	6,4
100 001 – 500 000	102	6,6	19 197	10,6
500 001 – >	23	1,5	146 674	81,0
	1 541	100,0	181 184	100,0

Share trading statistics	2005	2004
Number of shares traded ('000)	6 993	8 298
% of weighted average issued shares	4,5%	4,9%
Value of shares traded (R'000)	97 072	61 112
Number of shares issued ('000)	-	173
Number of treasury shares bought back / (sold) by subsidiary ('000)	16 818	(1 781)
Number of treasury shares bought back by share incentive trusts ('000)	107	2 640
% of shares bought back by subsidiary	9,3%	-
Price per share (cents)		
• high	2 000	1 100
• low	1 055	470
• closing price – 30 September	2 000	1 100
Net asset value per share (cents)	1 429	1 193
Number of issued shares ('000)	181 184	183 239

Share trading house

Barnard Jacobs Mellet
 PO Box 3334, Tygervalley 7536 or PO Box 3359, Parklands 2121
 Telephone: (021) 943-5000 or (011) 778-0010
 Website: www.bjmdirect.com
 Toll free number: 086 000 16 52

ADMINISTRATIVE INFORMATION

Financial calendar

Financial year end	30 September
Annual General Meeting	24 February 2006

Reports

Interim report for the half year until March 2006.....	May 2006
Announcement of results for the year	December 2006
Annual Report	January 2007

Dividends

Interim	- Announcement.....	May 2006
	- Payment.....	June 2006
Final	- Announcement.....	December 2006
	- Payment.....	February 2007

Administration

Holding Company

Pioneer Food Group Limited
Reg. No.: 1996/017676/06

Company Secretary and registered office

PJ Stofberg
32 Market Street
Paarl, 7646
PO Box 20
Huguenot, 7645
Tel: (021) 807-5100
Fax: (021) 807-5280
e-mail: info@pioneerfoods.co.za
Internet address: www.pioneerfoods.co.za

Brokers

Barnard Jacobs Mellet
2nd Floor
Grosvenor Corner
195 Jan Smuts Drive
Parktown North
Rosebank
PO Box 3359
Parklands, 2121
Tel: (011) 778 0000
Fax: (011) 778 0010/26

Auditors

PricewaterhouseCoopers Inc.

Bankers

Standard Bank Limited
ABSA Bank Limited
Nedcor Limited

Transfer Secretary

Computer Share Investor Services Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107
Tel: (011) 370-5000
Fax: (011) 370-5271

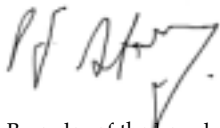
1st Floor
5 Tijger Park
Willie van Schoor Drive,
Bellville, 7530
PO Box 3334
Tygervalley, 7536
Tel: (021) 943-5000
Fax: (021) 943-5010

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 30 September 2005

The ninth annual general meeting of Pioneer Food Group Ltd will be held on Friday, 24 February 2006 at 11:00 at Lemoenkloof Guest House, Paarl to transact the following business:

1. To consider and approve the annual financial statements for the year ending 30 September 2005.
2. To authorise the remuneration of the directors.
3. To place 20 million unissued shares under the control of the directors in terms of sec 221(3) of the Companies Act 1973, as amended.
4. To elect directors to replace those directors who retire in terms of the Company's articles of association.
5. To vote in respect of any other business that may be transacted.

A handwritten signature in black ink, appearing to read "P J Stofberg".

By order of the board
P J Stofberg (Company Secretary)
9 January 2006

PROXY

Pioneer Food Group Limited (Reg No 1996/017676/06)
("the Company")

Annexure to the Notice of the Annual General Meeting

I/We, the undersigned (print) _____
(name of shareholder)

of _____
(address)

being a shareholder of the Company, do hereby appoint

_____ (name of proxy)

of _____ (address)

or failing him, the Chairman of the meeting as my/our proxy to represent me, to talk and to vote on my behalf at the Annual General Meeting of the Company to be held on 24 February 2006 at Paarl at 11:00 or at any adjournment thereof:

	In favour of	Against	Abstain from voting
1. Ordinary resolution: To approve the annual financial statements for the year ending 30 September 2005			
2. Ordinary resolution: To authorise the remuneration of the directors			
3. Ordinary resolution: To place 20 million unissued shares under the control of the directors			
4. Ordinary resolution: To elect directors			
5. Ordinary resolution: To vote in respect of any business that may be transacted			

Please indicate instructions to proxy by way of a cross in the relevant space provided.

Signed at _____ on the _____ day of _____

Signature

Notes:

- (1) Members entitled to attend and vote at the meeting are entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote thereat in their stead.
- (2) This proxy must be deposited with the Company Secretary not less than 24 hours before the commencement of the meeting. Postal address: The Company Secretary, Pioneer Food Group Ltd, PO Box 20, Huguenot, 7645.