PIONEER FOODS

NOTICE AND PROXY OF ANNUAL GENERAL MEETING AND SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

SALIENT FEATURES

Revenue	**R19 575**	**million**	**-5%**
Adjusted operating profit (before items of a capital nature)*	**R1 277**	**million**	**-44%**
Earnings	**R726**	**million**	**-57%**
Earnings per share	**390**	**cents**	**-57%**
Diluted earnings per share	**366**	**cents**	**-57%**
Headline earnings ("HE")	**R763**	**million**	**-54%**
HE per share	**410**	**cents**	**-55%**
Diluted HE per share	**385**	**cents**	**-54%**
Adjusted HE*	**R823**	**million**	**-50%**
Adjusted HE per share*	**442**	**cents**	**-50%**
Net cash generated from operations	**R2 579**	**million**	**+50%**
Net asset value per share	**4 303**	**cents**	**+2%**
Final gross dividend per listed ordinary share (2016: 260 cents)	**260**	**cents**	**–**
Total gross dividend per listed ordinary share (2016: 365 cents)	**365**	**cents**	**–**

** HE and operating profit (before items of a capital nature) are adjusted for the share-based income/(charge), amounting to a gain of R114 million (2016: gain of R23 million), and the hedge loss amounting to R217 million (2016: gain of R22 million), of the B-BBEE Phase I equity transaction due to the volatility of these transactions and once-off merger and acquisition costs of R18 million.*

Directors
ZL Combi (Chairman), TA Carstens (CEO)*, N Celliers, Prof ASM Karaan, F Lombard (CFO)*, NS Mjoli-Mncube, PJ Mouton, LE Mthimunye-Bakoro, SS Ntsaluba, G Pretorius, AH Sangqu, NW Thomson (* Executive)

The following changes to the Pioneer Foods Board of Directors (the "Board"), occurred during the period under review:

- Mr F Lombard was appointed as CFO with effect from 1 July 2017.
- Mr PM Roux retired as CEO on 30 September 2017.
- Mr TA Carstens was appointed as CEO with effect from 1 October 2017.

Company secretary
J Jacobs
Email: Jay-Ann.Jacobs@pioneerfoods.co.za

Registered address
Glacier Place, 1 Sportica Crescent, Tyger Valley, 7530, South Africa
Tel: 021 974 4000 Fax: 086 407 0044
Email: info@pioneerfoods.co.za

Transfer secretaries
Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, PO Box 61051, Marshalltown, 2107, South Africa
Tel: 011 370 5000 Fax: 011 688 5209

Sponsor
PSG Capital (Pty) Ltd, PO Box 7403, Stellenbosch, 7599, South Africa
Tel: 021 887 9602 Fax: 021 887 9624

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PIONEER FOODS

Pioneer Food Group Ltd

(Incorporated in the Republic of South Africa)
(Registration number: 1996/017676/06)
(Tax registration number: 9834/695/71/1)
(Share code: PFG)
(ISIN code: ZAE000118279)
("Pioneer Foods" or "the Company")

18 December 2017

Dear Shareholder,

NOTICE OF THE 2017 ANNUAL GENERAL MEETING AND PROXY FORM

We are pleased to enclose herewith a detailed notice of Pioneer Foods' 21st Annual General Meeting to be held at 10:00 am on Friday, 9 February 2018, at the Table Bay Hotel, V&A Waterfront, Cape Town ("the Annual General Meeting").

We have also included the following:

- summarised consolidated annual financial statements with explanatory notes and commentary; and
- a proxy form.

The proxy form includes comprehensive instructions on how to complete the form. However, should you have questions, do not hesitate to contact our offices.

In a continued effort to support environmental initiatives, printed copies of Pioneer Foods' integrated annual report with summarised financial statements **will only be mailed to shareholders on request from 11 January 2018**. The integrated annual report and financial statements will be available for download on the Company's website at www.pioneerfoods.co.za towards the end of December 2017.

Should you require a printed copy of the integrated annual report, please contact Rayhaan Samodien at Rayhaan.Samodien@pioneerfoods.co.za or Jay-Ann Jacobs at Jay-Ann.Jacobs@pioneerfoods.co.za to request a copy.

Yours sincerely,

Jay-Ann Jacobs (Ms)
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Notice is hereby given to all shareholders recorded in the securities register of Pioneer Foods as at Friday, 8 December 2017, of the Annual General Meeting of Pioneer Foods.

PURPOSE

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

AGENDA

- Presentation of the audited annual consolidated financial statements of the Company, including the reports of the directors and the Audit Committee for the year ended 30 September 2017. The audited annual consolidated financial statements are available on the Company's website at www.pioneerfoods.co.za.
- Resolutions:
  - Ordinary Resolutions 1 – 13
  - Special Resolutions 1 – 4

ORDINARY RESOLUTIONS

To consider and, if deemed fit, pass, with or without modification, the following ordinary resolutions:

1. Ordinary Resolution Number 1

"Resolved that the re-appointment of PricewaterhouseCoopers Incorporated as auditor for the ensuing year on the recommendation of the Audit Committee be and is hereby approved. Mr Duncan Adriaans (accredited on the Johannesburg Stock Exchange ("JSE") list of auditors and registered in accordance with the Auditing Professions Act, Act 26 of 2005) is hereby confirmed as the individual responsible for performing the function of auditor as from February 2018 and that the Audit Committee be authorised to approve their remuneration."

Reason for Ordinary Resolution Number 1

The reason for Ordinary Resolution Number 1 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the Annual General Meeting of the Company as required by the Companies Act, Act 71 of 2008 ("Companies Act").

2. Ordinary Resolution Number 2

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the JSE Listings Requirements, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital as at the date of the this notice of Annual General Meeting, provided that:

- The approval shall be valid until the date of the next Annual General Meeting of the Company, provided it shall not extend beyond 15 months from the date of this resolution.
- The general issues of shares for cash in any one financial year may not exceed in the aggregate 5% of the Company's issued share capital (number of securities) of that class as at the date of this notice of Annual General Meeting. As at the date of this notice of Annual General Meeting, 5% of the Company's issued ordinary share capital amounts to 10,770,051 ordinary shares.
- In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period.
- Any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties.
- Any such issue will only be in respect of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

Reason for and effect of Ordinary Resolution Number 2

The reason for Ordinary Resolution Number 2 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the memorandum of incorporation of the Company.

In terms of the JSE Listings Requirements, in order for Ordinary Resolution Number 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

3. Ordinary Resolutions Numbers 3 and 4

"Resolved that the appointment by the Board of the following directors be and is hereby confirmed:

3.1 Ordinary Resolution Number 3
Confirmation of appointment: Mr Tertius Alwyn Carstens (Executive director)

3.2 Ordinary Resolution Number 4
Confirmation of appointment*:* Mr Felix Lombard (Executive director)

Reason for Ordinary Resolution Numbers 3 and 4
The reason for and effect of Ordinary Resolution Numbers 3 and 4 is that these directors were appointed by the Board subsequent to the 2017 Annual General Meeting and in terms of clause 10.16 (c)of the JSE Listing Requirements, such appointments are subject to the confirmation of the shareholders of the Company at the next Annual General Meeting. A brief profile of each of the executive directors appears in Annexure 3 to this notice of Annual General Meeting.

4. Ordinary Resolutions Numbers 5 – 7 (inclusive)

"Resolved that the following directors, who retire by rotation in terms of the memorandum of incorporation of the Company and, being eligible, and offering themselves for re-election, be and are hereby re-elected as directors:

4.1 Ordinary Resolution Number 5
Re-election of independent non-executive director: Ms Nonhlanhla Sylvia Mjoli-Mncube

4.2 Ordinary Resolution Number 6
Re-election of independent non-executive director: Mr Sango Siviwe Ntsaluba

4.3 Ordinary Resolution Number 7
Re-election of independent non-executive director: Mr Zitulele Luke Combi"

Reason for Ordinary Resolutions Numbers 5 – 7 (inclusive)
The reason for and effect of Ordinary Resolutions Numbers 5 – 7 (inclusive) is that these directors will retire at the Annual General Meeting by rotation in terms of clause 29.3.4 of the Company's memorandum of incorporation and being eligible, have availed themselves for re-election. A brief profile of each of the directors up for re-election to the Board appears in Annexure 3 to this notice of Annual General Meeting.

5. Ordinary Resolutions Numbers 8 – 10 (inclusive)

Appointment of members of the Audit Committee

"Resolved that the following members being eligible and availing themselves for re-appointment, be and are hereby re-appointed as members of the Audit Committee of the Company, as recommended by the Board until the next Annual General Meeting of the Company to be held in 2019."

5.1 Ordinary Resolution Number 8
Re-appointment of member of the Audit Committee: Mr Norman William Thomson

5.2 Ordinary Resolution Number 9
Subject to the result of Ordinary Resolution Number 6

Re-appointment of member of the Audit Committee: Mr Sango Siviwe Ntsaluba

5.3 Ordinary Resolution Number 10
Re-appointment of member of the Audit Committee: Ms Lindiwe Evarista Mthimunye-Bakoro

Reason for Ordinary Resolution Numbers 8 – 10 (inclusive)
In terms of the provisions of section 94(2) of the Companies Act, a company shall at every Annual General Meeting elect an audit committee comprising of at least three members. A brief profile of each of the independent non-executive directors proposed to be appointed to the Audit Committee appears in Annexure 3 to this notice. As is evident from the profiles, all these directors have the requisite academic qualifications or experience in one or more of the following areas, i.e. economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and human resources.

6. Ordinary Resolution Number 11

Non-binding endorsement of Pioneer Foods' remuneration policy

"Resolved that the Company's remuneration policy for 2018, as set out in the remuneration report from page 140 of the integrated report, be and is hereby approved, through a non-binding advisory vote, in accordance with the JSE Listings Requirements and the recommendations of King IV™."

Reason for Ordinary Resolution Number 11

The reason for Ordinary Resolution Number 11 is that King IV™ recommends and the JSE Listings Requirements require that the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders. The percentage of voting rights required for ordinary resolution number 11 to be adopted is 50%. If the remuneration policy is voted against by 25% or more of the votes exercised at the Annual General Meeting, Pioneer Foods shall, in its voting results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements (as amended), extend an invitation to dissenting shareholders to engage with the issuer to discuss their reasons for the dissenting votes; and the manner and timing of such engagement will be specified in the voting results announcement.

7. Ordinary Resolution Number 12

Non-binding endorsement of Pioneer Foods' implementation report

"Resolved that the Company's implementation report, as set out in the remuneration report from page 150 of the integrated report, be and is hereby approved, through a non-binding advisory vote, in accordance with the JSE Listings Requirements and the recommendations of King IV™."

Reason for Ordinary Resolution Number 12

The reason for Ordinary Resolution Number 12 is that King IV™ recommends and the JSE Listings Requirements require that the implementation report in respect of the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders. The percentage of voting rights required for Ordinary Resolution Number 12 to be adopted is 50%. If the implementation report is voted against by 25% or more of the votes exercised at the Annual General Meeting, Pioneer Foods will, in its voting results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with it to discuss their reasons for their dissenting votes; and the manner and timing of such engagement will be specified in the voting results announcement.

8. Ordinary Resolution Number 13

Amendment to the Rules of the Phantom Share Plan

"Resolved that the existing Rules of the Phantom Share Plan, which contain the terms of and governs the Company's equity settled share plan be amended, as set out below:

8.1 The amendment of the existing clause 1 by a partial deletion and the insertion of the words "*a long term incentive with the aim of retaining key Employees. By the very nature of an option scheme, Participants will only benefit to the extent that the market capitalisation grows*", so that such clause will thereafter read as follows:

"1 *The Pioneer Food Group Limited Equity Settled Phantom Share Plan is intended as a long term incentive with the aim of retaining key Employees. By the very nature of an option scheme, Participants will only benefit to the extent that the market capitalisation grows."*

8.2 The amendment of the existing clause 9.5 by the deletion of the word "*retirement*" in the second sentence, so that such clause will thereafter read as follows:

"9.5 *If, while any portion of a Participant's PSRs remains unexercised, such Participant ceases to be an Employee by reason of his retrenchment, death, any corporate action undertaken by the Company or a reason other than listed in Rule 9.3, the Participant, the executor of his deceased estate or his heirs and legatees, as the case may be, will be entitled to the same rights, and be subject to the same conditions, under this Plan as if the Participant had continued to be an Employee."*

8.3 The insertion of a new clause number 9.6, to read as follows:

"9.6 *For the avoidance of doubt, in the context of this Plan, retirement will be treated as follows:*

9.6.1 ***Retirement age of 60 and over***

9.6.1.1 *Should a Participant retire at the age of 60 or over, all of such Participant's Vested and unvested PSRs that remains unexercised will be retained by the Participant and the Participant will be entitled to the same rights, and be subject to the same conditions, under this Plan as if the Participant had continued to be an Employee,*

9.6.2 ***Retirement age under 60***

9.6.2.1 *Should a Participant retire before the age of 60 ("**Early Retirement**"):*

9.6.2.1.1 *all of the Participant's unvested PSRs will lapse, except to the extent that the Directors may determine otherwise in their absolute discretion;*

9.6.2.1.2 *such Participant shall be entitled, within 30 (thirty) days of ceasing to be an Employee of the relevant Employer Company ("**Thirty Day Period**") as a result of Early Retirement, to Exercise its unexercised Vested PSRs in accordance with the provisions of the Plan, provided that after the Thirty Day Period, all unexercised Vested PSRs will lapse, except to the extent that the Directors may determine otherwise in their absolute discretion."*

8.4 The amendment of the existing clause 10.1 by deleting it in its entirety and replacing it with the following new clauses:

"10.1 *In the event of a Reconstruction or Takeover which will result in the Company's Shares being delisted from the JSE, then all PSRs that have not been Exercised (Vested and unvested) will become immediately exercisable.*

10.2 *In the event of a Reconstruction or Takeover which will result in the Company's Shares not being delisted from the JSE, the Vesting Date and Exercise Period will remain unchanged as set out in the Plan."*

8.5 The amendment of the existing clause 12.3 by a partial deletion and the insertion of the words "*Shares equal to 50% (fifty percent) of the Shares that vest in each year, after the payment of the applicable tax, for a period of 5 (five) years. This is a cumulative requirement and 50% (fifty percent) of the Shares retained each year must be added to the minimum shareholding requirement on a rolling 5 (five) year basis*", so that such clause will thereafter read as follows:

"12.3 *Without derogating from the provisions of Rule 12.2, Participants shall be entitled to dispose of Shares acquired in terms of the Plan at any time on or after the relevant Settlement Date. Without placing any restrictions on Participants to freely dispose of Shares acquired in terms of the Plan at their market value, Participants are encouraged, but not obliged, to retain ownership of Shares equal to 50% (fifty percent) of the Shares that vest in each year, after the payment of the applicable tax, for a period of 5 (five) years. This is a cumulative requirement and 50% (fifty percent) of the Shares retained each year must be added to the minimum shareholding requirement on a rolling 5 (five) year basis."*

A copy of the full Rules of the Phantom Share Plan will, from the date of this Notice until the date of the Annual General Meeting, be available for inspection by shareholders during normal business hours at the Company's registered office at Glacier Place, 1 Sportica Crescent, Tyger Valley, and the offices of the Company's Sponsor, PSG Capital, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7599. Alternatively, a copy may be viewed on the Company's website at www.pioneerfoods.co.za.

Reason for and effect of Ordinary Resolution Number 13

The reason for Ordinary Resolution Number 13 is to obtain the prior approval of shareholders to amend the Rules of the Phantom Share Plan, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of schedule 14 of the JSE Listings Requirements. The effect of Ordinary Resolution Number 13, if passed, will be that the proposed amendments to the Rules of the Phantom Share Plan are approved.

In terms of the JSE Listings Requirements, in order for Ordinary Resolution Number 13 to be adopted, the support of at least 75% of the votes cast on such resolution by shareholders, present in person or by proxy, is required.

SPECIAL RESOLUTIONS

To consider, and if deemed fit, pass, with or without modification, the following special resolutions:

9. Special Resolution Number 1

Approval of the non-executive directors' remuneration

"Resolved in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its non-executive directors for their services rendered as directors as from 1 April 2018 until 31 March 2019, on the basis set out below:

	Fees from 1 April 2017 until 31 March 2018 Rand	Fees from 1 April 2018 until 31 March 2019 Rand
Board		
Chairperson	**820 000**	**861 000**
Lead independent director	**424 122**	**445 329**
Non-executive director (base fee)	**231 806**	**243 396**
Committee members	Committee fee	Committee fee
Audit Committee		
Chairperson	**192 317**	**201 932**
Member	**135 981**	**142 780**
Risk Committee		
Chairperson	**192 317**	**201 932**
Member	**74 996**	**78 746**
Human Capital Committee		
Chairperson	**192 317**	**201 932**
Member	**74 996**	**78 746**
Social and Ethics Committee		
Chairperson	**180 579**	**189 608**
Member	**74 996**	**78 746**
Nomination Committee*		
Chairperson	**12 710**	**18 966**
Member	**12 710**	**13 456**
Special ad hoc meetings		
Chairperson		**18 966**
Member		**13 456**

* *Rates applicable to Nomination Committee will be paid per meeting.*

Reason for and effect of Special Resolution Number 1
The reason for and the effect of Special Resolution Number 1 is to approve the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period as from 1 April 2018 until 31 March 2019.

The effect of Special Resolution Number 1 is that the Company will be able to remunerate its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next Annual General Meeting of the Company to be held in 2019.

10. Special Resolution Number 2

General authority to provide financial assistance to related and inter-related companies

"Resolved that the Board be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution Number 2), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance") will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board may determine."

The main purpose for this resolution is to empower the Board to authorise the Company to provide inter-group loans and other financial assistance for purposes of funding the activities of the Company and its Group. The Board undertakes that –

- it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees –
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous financial assistance during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

Reason for and effect of Special Resolution Number 2
The reason for and the effect of Special Resolution Number 2 is to provide a general authority to the Board for the Company to grant direct or indirect financial assistance to any company forming part of the Company's Group, including in the form of loans or the guaranteeing of their debts.

Notice to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide direct or indirect financial assistance to related and inter-related companies

Prior to the Annual General Meeting, the Board will have adopted a resolution ("***Section 45 Board Resolution***") authorising the Company to provide, at any time and from time to time during the period commencing on the date on which Special Resolution Number 2 is adopted until the date of the next Annual General Meeting of the Company, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies of the Company. The financial assistance will entail loans and other financial assistance to subsidiaries of the Company (being related or inter-related companies of the Company) for purposes of funding the activities of the Company and its Group.

The Section 45 Board Resolution will be effective only if and to the extent that Special Resolution Number 2 is adopted by the shareholders and the provision of any such financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (1) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and that (2) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.

In as much as the Section 45 Board Resolution contemplates that such financial assistance will, in the aggregate, exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders. The Company does not have any employees represented by a trade union.

11. Special Resolution Number 3

Financial assistance for the subscription of or the acquisition of securities in the Company and in related and inter-related companies

"Resolved that, the Board be and is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution Number 3), to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), or for the purchase of any securities of the Company or a related or inter-related company, on the terms and conditions and for the amounts that the Board may determine."

The main purpose for this authority is to grant the Board the authority to provide financial assistance to any person for the subscription of or the purchase of any securities in the Company and in related or inter-related companies.

The Board undertakes that –

- it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Reason for and effect of Special Resolution Number 3

The reason for and the effect of Special Resolution Number 3 is to provide a general authority to the Board for the Company to grant financial assistance to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company.

12. Special Resolution Number 4

General authority to repurchase shares

"Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the Company, the JSE Listings Requirements and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, including, inter alia, that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next Annual General Meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the Company and/or the subsidiaries of the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue, on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- if a resolution has been passed by the Board approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place that has been submitted to the JSE in writing and executed by an independent third party."

Reason for and effect of Special Resolution Number 4

The reason for and effect of Special Resolution Number 4 is to grant the directors a general authority in terms of the Company's memorandum of incorporation and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in the special resolution.

In terms of the JSE Listings Requirements, any general repurchase by the company must, inter alia, be limited to a maximum of 20% of the Company's issued share capital in any one financial year of that class at the time the authority is granted. Furthermore, in terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a Company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

Additional information relating to special resolution number 4

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be repurchased, are of the opinion that the position of the Company and its subsidiaries ("Group") would not be compromised as to the following:

   - the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this Annual General Meeting and for a period of 12 months after the purchase;
   - the consolidated assets of the Group will at the time of the Annual General Meeting and at the time of making such determination be in excess of the consolidated liabilities of the Group and for 12 months thereafter. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
   - the ordinary share capital and reserves of the Group after the repurchase will remain adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting.
   - the working capital available to the Group after the repurchase will be sufficient for the Group's requirements for a period of 12 months after the date of the notice of the Annual General Meeting.

2. Prior to the commencing of any repurchase the Board shall take a resolution confirming that it has authorised the repurchase, that the Group has passed the solvency and liquidity test and that, since it was performed, there have been no material changes to the financial position of the Group.

3. General information in respect of major shareholders, material changes and the share capital of the Company is contained on pages 33, 23 and 22 of this notice.

4. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of Annual General Meeting contains all information required by the JSE Listings Requirements.

13. To transact any other business that may be transacted at an Annual General Meeting of the Company

Record dates

The record date in terms of section 59 of the Companies Act for shareholders to be recorded in the securities register of the Company in order to receive notice of the Annual General Meeting is **Friday**, **8 December 2017**.

The record date in terms of section 59 of the Companies Act for shareholders to be recorded in the securities register of the Company in order to be able to attend, participate and vote at the Annual General Meeting is **Friday, 2 February 2018**, and the last day to trade in the Company's shares in order to be recorded in the securities register of the Company in order to be able to attend, participate and vote at the Annual General Meeting is **Tuesday, 30 January 2018**.

Approvals required for ordinary and special resolutions

The Ordinary Resolutions, with the exception of Ordinary Resolution Numbers 2 and 13, contained in this notice of Annual General Meeting require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy and entitled to vote at the Annual General Meeting, subject to the provisions of the Companies Act, the memorandum of incorporation of the Company and the JSE Listings Requirements.

Special Resolution Numbers 1 to 4 (inclusive) and Ordinary Resolution Numbers 2 and 13 contained in this notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the memorandum of incorporation of the Company and the JSE Listings Requirements.

Attendance and voting by shareholders or proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the Company. Proxy forms must be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 , South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than **Wednesday, 7 February 2018**, at 10:00 am (South African time) for administrative purposes, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairperson of the Annual General Meeting at any time before the appointed proxy exercises any shareholder rights at the Annual General Meeting.

Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

Shareholders or their proxies or representatives may participate in (but not vote at) the meeting by way of telephone conference call, and if they wish to do so:

- must contact the Company Secretary (by email at the address Jay-Ann.Jacobs@pioneerfoods.co.za) by no later than five business days prior to the Annual General Meeting in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting. Shareholders and their proxies or their representatives will not be able to vote telephonically at the meeting and will still need to appoint a proxy or representative to vote on their behalf at the meeting.

The Company reserves the right not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the Company.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement –

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary letter of representation in order to do so.

The Company's Social and Ethics Committee (SEC) is required to report to the shareholders at the AGM on the matters within its mandate. The Company's Integrated Annual Report, in particular the Sustainability Report and Ethics Management section of the Corporate Governance Report, covers these matters extensively and will serve as the Social and Ethics Committee's Report to the Company's shareholders. Any specific questions to the SEC may be emailed to the Company Secretary 48 hours prior to the Annual General Meeting.

Proof of identification required
In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the Annual General Meeting. Any formal identification document issued by the South African Department of Home Affairs, a valid driver's licence or passport will be accepted at the Annual General Meeting as sufficient identification.

By order of the Board

J Jacobs (Ms)
Company Secretary

Pioneer Food Group Ltd
18 December 2017

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF PIONEER FOOD GROUP LTD

OPINION

The summary consolidated financial statements of Pioneer Food Group Ltd, set out on pages 15 to 29 of the Notice and Proxy of Annual General Meeting and Summarised Consolidated Financial Statements for the year ended 30 September 2017, which comprise the summary consolidated statement of financial position as at 30 September 2017, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Pioneer Food Group Ltd for the year ended 30 September 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Ltd's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 16 November 2017. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D Adriaans
Registered Auditor

Paarl
16 November 2017

ANNEXURE 1

PIONEER FOOD GROUP LTD

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Group statement of comprehensive income

	Audited Year ended 30 September 2017 R'm	Audited Year ended 30 September 2016 R'm
Revenue	**19 575.0**	20 599.7
Cost of goods sold	**(14 419.0)**	(14 516.7)
Gross profit	**5 156.0**	6 083.0
Other income and gains/(losses) – net	**142.3**	169.8
Other expenses	**(4 142.1)**	(3 934.8)
Excluding the following:	**(4 021.6)**	(3 979.6)
Once-off merger and acquisition costs	**(17.6)**	–
Phase I B-BBEE transaction share-based payment (charge)/income and related hedge	**(102.9)**	44.8
Items of a capital nature	**(57.0)**	21.3
Operating profit	**1 099.2**	2 339.3
Investment income	**22.3**	46.8
Finance costs	**(196.8)**	(167.3)
Share of profit of investments accounted for using the equity method	**60.3**	100.4
Profit before income tax	**985.0**	2 319.2
Income tax expense	**(258.8)**	(629.0)
Profit for the year	**726.2**	1 690.2
Other comprehensive income/(loss) for the year		
Items that will not subsequently be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations	**1.6**	0.9
Items that may subsequently be reclassified to profit or loss:	**143.3**	(203.4)
Fair value adjustments to cash flow hedging reserve	**115.7**	(118.3)
For the year	**(60.2)**	134.7
Current income tax effect	**17.5**	(36.7)
Deferred income tax effect	**(0.7)**	(1.0)
Reclassified to profit or loss	**220.9**	(299.0)
Current income tax effect	**(63.9)**	85.6
Deferred income tax effect	**2.1**	(1.9)
Fair value adjustments on available-for-sale financial assets	**4.0**	(1.2)
For the year	**8.2**	7.0
Deferred income tax effect	**0.6**	0.1
Reclassified to profit or loss	**(4.8)**	(8.3)
Share of other comprehensive income of investments accounted for using the equity method	**15.9**	(28.7)
Movement on foreign currency translation reserve	**7.7**	(55.2)
Total comprehensive income for the year	**871.1**	1 487.7
Profit for the year attributable to:		
Owners of the parent	**726.1**	1 690.2
Non-controlling interest	**0.1**	–
	726.2	1 690.2
Total comprehensive income for the year attributable to:		
Owners of the parent	**869.7**	1 487.7
Non-controlling interest	**1.4**	–
	871.1	1 487.7

Headline earnings reconciliation

	Audited Year ended 30 September 2017 R'm	Audited Year ended 30 September 2016 R'm
Reconciliation between profit attributable to owners of the parent and headline earnings		
Profit attributable to owners of the parent	**726.1**	1 690.2
Remeasurements	**52.7**	(13.4)
Net profit on disposal of property, plant and equipment and intangible assets	**(5.8)**	(12.1)
Net profit on disposal of available-for-sale financial assets	**(4.8)**	(8.3)
Net profit on disposal of subsidiary	**–**	(24.2)
Fair value adjustment of step-up from joint venture to subsidiary	**18.7**	–
Net loss on disposal of equity-accounted investments	**17.7**	–
Impairment of intangible assets	**21.0**	–
Impairment of goodwill	**10.2**	–
Impairment of available-for-sale financial assets	**–**	23.3
Before tax	**57.0**	(21.3)
Tax effect on remeasurements	**(4.3)**	7.9
Remeasurements included in equity-accounted results	**(16.0)**	(1.1)
Remeasurements	**(15.8)**	(1.3)
Tax effect on remeasurements	**(0.2)**	0.2
Headline earnings	**762.8**	1 675.7
Phase I B-BBEE transaction share-based payment charge/(income) and related hedge	**42.2**	(38.7)
Once-off merger and acquisition costs	**17.6**	–
Adjusted headline earnings (Note 1)	**822.6**	1 637.0
Number of issued ordinary shares (million)	**233.4**	232.5
Number of issued treasury shares:		
– held by subsidiary (million)	**18.0**	18.0
– held by B-BBEE equity transaction participants (million)	**18.1**	18.1
– held by BEE trust (million)	**10.7**	10.7
Number of issued class A ordinary shares (million)	**3.2**	3.7
Weighted average number of ordinary shares (million)	**186.0**	185.3
Weighted average number of ordinary shares – diluted (million)	**198.4**	199.6
Earnings per ordinary share (cents):		
– basic	**390.3**	912.1
– diluted	**366.0**	846.9
– headline	**410.1**	904.3
– diluted headline	**384.5**	839.6
– adjusted headline (Note 1)	**442.2**	883.4
– diluted adjusted headline (Note 1)	**414.6**	820.2
Gross dividend per ordinary share (cents)	**365.0**	365.0
Gross dividend per class A ordinary share (cents)	**109.5**	109.5
Net asset value per ordinary share (cents)	**4 302.8**	4 238.7
Debt to equity ratio (%)	**13.4**	12.5

Note 1

Headline earnings ("HE") is calculated based on Circular 2/2015 issued by the South African Institute of Chartered Accountants. Adjusted HE is defined as HE adjusted for the impact of:

- share-based payment charge/(income) on the Phase I B-BBEE transaction on profit or loss (and the impact of the related hedge) due to the volatility of these items; and
- once-off merger and acquisition costs.

Group statement of financial position

	Audited 30 September 2017 R'm	Audited 30 September 2016 R'm
Assets		
Property, plant and equipment	**5 357.0**	4 763.4
Goodwill	**331.3**	302.8
Other intangible assets	**483.6**	479.6
Biological assets	**–**	16.0
Investments in and loans to associates and joint ventures	**906.7**	861.2
Derivative financial instruments	**203.1**	439.7
Available-for-sale financial assets	**138.1**	128.3
Trade and other receivables	**15.4**	16.8
Deferred income tax	**12.5**	3.9
Non-current assets	**7 447.7**	7 011.7
Current assets	**5 504.6**	6 518.8
Inventories	**3 033.1**	3 212.5
Derivative financial instruments	**51.0**	57.6
Trade and other receivables	**1 981.8**	2 245.9
Current income tax	**7.9**	2.0
Cash and cash equivalents	**430.8**	1 000.8
Assets of disposal group classified as held for sale	**20.0**	–
Total assets	**12 972.3**	13 530.5
Equity and liabilities		
Capital and reserves attributable to owners of the parent	**8 027.2**	7 867.3
Share capital	**23.3**	23.2
Share premium	**2 554.3**	2 406.3
Treasury shares	**(1 186.4)**	(1 187.8)
Other reserves	**213.1**	253.3
Retained earnings	**6 422.9**	6 372.3
Non-controlling interest	**25.0**	–
Total equity	**8 052.2**	7 867.3
Non-current liabilities	**1 645.3**	2 344.8
Borrowings		
B-BBEE equity transaction third-party finance	**433.1**	449.6
Other	**265.6**	883.7
Provisions for other liabilities and charges	**112.4**	111.2
Share-based payment liability	**159.8**	317.9
Deferred income tax	**674.4**	582.4
Current liabilities	**3 274.8**	3 318.4
Trade and other payables	**2 388.9**	2 037.6
Current income tax	**24.7**	30.3
Derivative financial instruments	**2.6**	16.1
Borrowings	**811.2**	653.5
Loan from joint venture	**14.5**	26.0
Accrual for forward purchase contracts on own equity	**–**	493.3
Dividends payable	**0.6**	0.6
Share-based payment liability	**32.3**	61.0
Total equity and liabilities	**12 972.3**	13 530.5

Group statement of changes in equity

	Audited Year ended 30 September 2017 R'm	Audited Year ended 30 September 2016 R'm
Share capital, share premium and treasury shares	**1 391.2**	1 241.7
Opening balance	**1 241.7**	1 249.7
Movement in treasury shares	**1.4**	16.4
Ordinary shares issued – share appreciation rights	**148.2**	57.8
Ordinary shares bought back from management share incentive trust and cancelled	**–**	(82.1)
Employee share scheme – repurchase of shares	**(0.1)**	(0.1)
Other reserves	**213.1**	253.3
Opening balance	**253.3**	460.5
Equity compensation reserve transactions	**23.4**	49.5
Ordinary shares issued – share appreciation rights	**(148.1)**	(57.8)
Deferred income tax on share-based payments	**(57.6)**	4.5
Share of other comprehensive income of investments accounted for using the equity method	**16.0**	(28.7)
Other comprehensive income for the year	**126.1**	(174.7)
Retained earnings	**6 422.9**	6 372.3
Opening balance	**6 372.3**	5 248.5
Profit for the year	**726.1**	1 690.2
Other comprehensive income for the year	**1.6**	0.9
Dividends paid	**(678.5)**	(634.0)
Management share incentive scheme – disposal of shares	**1.7**	67.2
Employee share scheme – transfer tax on share transactions	**(0.3)**	(0.5)
Non-controlling interest	**25.0**	–
Opening balance	**–**	12.3
Disposal of subsidiary	**–**	(12.3)
Profit for the year	**0.1**	–
Share of other comprehensive income	**1.2**	–
Non-controlling interest acquired – business combination	**23.7**	–
Total equity	**8 052.2**	7 867.3

Group statement of cash flows

	Audited Year ended 30 September 2017 R'm	Audited Year ended 30 September 2016 R'm
Net cash profit from operating activities	**1 661.4**	2 667.9
Cash effect from hedging activities	**165.8**	(174.6)
Working capital changes	**751.7**	(774.5)
Net cash generated from operations	**2 578.9**	1 718.8
Settlement of share-based payment liability	**(69.2)**	(69.2)
Cash effect of forward purchase contracts related to share-based payments	**41.8**	25.2
Settlement of accrual for forward purchase contracts on own equity	**(493.3)**	–
Income tax paid	**(288.1)**	(451.1)
Net cash flow from operating activities	**1 770.1**	1 223.7
Net cash flow from investment activities	**(957.5)**	(982.9)
Property, plant and equipment and intangible assets		
– additions	**(612.4)**	(469.2)
– replacements	**(347.5)**	(339.9)
– proceeds on disposal	**71.4**	69.3
Business combinations	**(8.7)**	(146.9)
Proceeds on disposal of and changes in available-for-sale financial assets and loans	**18.8**	(29.0)
Proceeds on disposal of joint venture	**5.8**	–
Proceeds on disposal of subsidiary	**–**	62.3
Investment in joint venture	**–**	(200.5)
Investment in associate	**(191.5)**	–
Interest received	**18.7**	42.7
Dividends received	**3.2**	4.1
Dividends received from joint ventures	**84.7**	24.2
Net cash flow from financing activities	**(932.7)**	(1 204.9)
Repayment of syndicated bullet loans	**–**	(400.0)
(Repayments)/proceeds from other borrowings	**(52.7)**	2.1
Other share scheme transactions	**(0.9)**	(3.0)
Interest paid	**(200.6)**	(170.1)
Dividends paid	**(678.5)**	(633.9)
Effect of exchange rate changes on cash and cash equivalents	**0.9**	(7.1)
Net decrease in cash, cash equivalents and bank overdrafts	**(119.2)**	(971.2)
Net cash, cash equivalents and bank overdrafts at beginning of year	**421.6**	1 392.8
Net cash, cash equivalents and bank overdrafts at end of year	**302.4**	421.6
Disclosed as:		
Cash and cash equivalents	**430.8**	1 000.8
Bank overdrafts and call loans (included in current borrowings)	**(128.4)**	(579.2)
	302.4	421.6

Group segment report

	Audited Year ended 30 September 2017 R'm	Audited Year ended 30 September 2016 R'm
Segment revenue		
Essential Foods	**12 469.8**	12 854.8
Groceries	**4 402.7**	4 695.1
International	**2 702.5**	3 049.8
Total	**19 575.0**	20 599.7
Segment results		
Essential Foods	**800.2**	1 249.5
Groceries	**357.0**	541.6
International	**121.5**	484.2
Other	**(2.0)**	(2.1)
	1 276.7	2 273.2
Once-off merger and acquisition costs	**(17.6)**	–
Phase I B-BBEE transaction share-based payment (charge)/income and related hedge	**(102.9)**	44.8
Operating profit before items of a capital nature	**1 156.2**	2 318.0
Reconciliation of operating profit (before items of a capital nature) to profit before income tax		
Operating profit before items of a capital nature	**1 156.2**	2 318.0
Adjusted for:		
Remeasurement of items of a capital nature	**(57.0)**	21.3
Interest income	**19.1**	42.7
Dividends received	**3.2**	4.1
Finance costs	**(196.8)**	(167.3)
Share of profit of investments accounted for using the equity method	**60.3**	100.4
Profit before income tax	**985.0**	2 319.2

Notes to the summarised consolidated financial statements

1. BASIS OF PREPARATION

The summarised consolidated financial statements of the Group for the year ended 30 September 2017 have been prepared in accordance with the requirements of the JSE Ltd ("JSE") for summarised financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summarised financial statements. The JSE Listings Requirements require summarised financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by *IAS 34 – Interim Financial Reporting*.

The directors take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying financial records.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

In preparing these summarised consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2016.

	Audited Year ended 30 September 2017	Audited Year ended 30 September 2016
3. SHARE CAPITAL		
During the period under review the following share transactions occurred:		
Number of listed issued and fully paid ordinary shares		
At beginning of year	**232 472 909**	232 739 331
Shares issued in terms of employee share appreciation rights scheme	**906 536**	345 578
Shares repurchased from management share incentive trust and cancelled	–	(612 000)
At end of year	**233 379 445**	232 472 909
906,536 (30 September 2016: 345,578) listed ordinary shares of 10 cents each were issued at an average of R163.49 (30 September 2016: R167.24) per share in terms of the share appreciation rights scheme.		
612,000 shares were repurchased in 2016 at an average price of R134.11 per share and subsequently cancelled.		
Number of treasury shares held by the share incentive trust		
At beginning of year	**47 620**	729 612
Movement in shares	**(47 620)**	(69 992)
Repurchased by the Company and cancelled	–	(612 000)
At end of year	–	47 620
Proceeds on the sale of treasury shares by the share incentive trust (R'000)	**3 193**	1 630
Proceeds on the repurchase of treasury shares from the share incentive trust by the Company (R'000)	–	82 075
Number of treasury shares held by B-BBEE transaction participants		
At beginning and end of year	**18 091 661**	18 091 661
Number of treasury shares held by Pioneer Foods Broad-Based BEE Trust		
At beginning and end of year	**10 745 350**	10 745 350
Number of treasury shares held by a subsidiary		
At beginning and end of year	**17 982 056**	17 982 056
Number of unlisted class A ordinary shares		
At beginning of year	**3 707 830**	4 234 300
Shares bought back and cancelled	**(532 910)**	(526 470)
At end of year	**3 174 920**	3 707 830
Purchase consideration paid for unlisted class A ordinary shares bought back (R'000)	**69 235**	69 244

4. BORROWINGS

No material new borrowings were concluded during the period under review. Changes in borrowings mainly reflect repayments made in terms of agreements. Short-term borrowings fluctuate in accordance with changing working capital needs.

5. EVENTS AFTER THE REPORTING DATE

5.1 Dividend

The Board approved and declared a gross final dividend of 260.0 cents (2017: gross interim dividend of 105.0 cents and 2016: gross final dividend of 260.0 cents) per ordinary share. This will amount to approximately R578,848,647 (2017: interim of R233,641,008 and 2016: final of R576,558,788) depending on the exact number of ordinary shares issued at the record date. In addition, the 10,745,350 Pioneer Foods shares issued to the Pioneer Foods Broad-Based BEE Trust, will receive 20% of the dividend payable, i.e. 52.0 cents (2017: gross interim of 21.0 cents and 2016: gross final dividend of 52.0 cents) per share, amounting to R5,587,582 (2017: interim of R2,256,524 and 2016: final of R5,587,582).

The Board approved a gross final dividend of 78.0 cents (2017: gross interim dividend of 31.5 cents and 2016: gross final dividend of 78.0 cents) per class A ordinary share, being 30% of the dividend payable to the other class ordinary shareholders in terms of the rules of the relevant employee scheme. This will amount to approximately R2,476,438 (2017: interim of R1,020,893 and 2016: final of R2,737,644) depending on the exact number of class A ordinary shares issued at the record date.

Additional information disclosed:

These dividends are declared from income reserves and qualify as a dividend as defined in the Income Tax Act, Act 58 of 1962.

Dividends will be paid net of dividends tax of 20% (2016: 15%), to be withheld and paid to the South African Revenue Service by the Company. Such tax must be withheld unless beneficial owners of the dividend have provided the necessary documentary proof to the relevant regulated intermediary that they are either exempt therefrom, or entitled to a reduced rate as result of the double taxation agreement between South Africa and the country of domicile of such owner.

The net dividend amounts to 208.0 cents per ordinary share and 62.4 cents per class A ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 260.0 cents per ordinary share and 78.0 cents per class A ordinary share for shareholders exempt from paying dividends tax.

The number of issued ordinary shares and issued class A ordinary shares is 233,379,445 and 3,145,940 respectively as at the date of this declaration.

5.2 Other material events

Pioneer Foods entered into an agreement to acquire the remaining 50.1% shareholding in Heinz Foods SA (Pty) Ltd. This agreement is subject to regulatory approvals.

There have been no other material events requiring disclosure after the reporting date and up to the date of approval of the summarised consolidated financial statements by the Board.

6. CONTINGENT LIABILITIES – GUARANTEES

The Group had guarantees in issue of R28.8 million (30 September 2016: R32.7 million) as at 30 September 2017, primarily for loans by third parties to contracted suppliers.

As part of the funding provided by Rand Merchant Bank, a division of FirstRand Bank Ltd ("RMB"), to BEE investors in terms of the B-BBEE equity transaction concluded during 2012, Pioneer Foods (Pty) Ltd provided RMB with a guarantee amounting to R100 million.

	Audited 30 September 2017 R'm	Audited 30 September 2016 R'm
7. FUTURE CAPITAL COMMITMENTS		
Contractually committed		
– For next financial year	**218.9**	307.6
Approved by the Board, but not yet contractually committed	**943.7**	1 085.5
– For next financial year	**626.6**	989.7
– For year following next financial year	**317.1**	95.8
Share of items of joint ventures	**43.4**	74.1
	1 206.0	1 467.2

8. ACQUISITION OF A 49.89% EQUITY INTEREST IN WEETABIX EAST AFRICA LTD

As announced on SENS on 16 November 2016, Pioneer Foods acquired a 49.89% shareholding in Weetabix East Africa Ltd. All regulatory approvals were obtained and the transaction became effective on 3 March 2017.

The total purchase consideration amounted to R191.5 million. This acquisition is equity-accounted as an investment in associate.

9. BUSINESS COMBINATION

During the year under review, the Group acquired a further 14.3% interest in Food Concepts Pioneer Ltd (Nigeria). The investment was equity-accounted as an investment in a joint venture up to 30 June 2017 and thereafter this subsidiary was consolidated.

	Audited Year ended 30 September 2017 R'm
Food Concepts Pioneer Ltd – 64.4% (acquisition of a further 14.3% interest, effective 1 July 2017)	
Purchase consideration – settled in cash	**16.6**

Reason for acquisition of additional interest
The Group acquired a further interest in an existing joint venture resulting in control of this fast growing baking entity in Nigeria in line with its international expansion strategy. This is another step in enlarging the Group's footprint in the substantial Nigerian market.

Reason for goodwill recognised on acquisition
The premium paid to acquire control resulted in goodwill. The increased shareholding reflects the Group's belief in the future growth prospects of this business.

9. BUSINESS COMBINATION (continued)

The assets and liabilities acquired of this business can be summarised as follows:

	Audited Year ended 30 September 2017 Fair value R'm
Property, plant and equipment	**40.5**
Intangible assets – trademarks	**29.3**
Goodwill	**38.0**
Inventories	**4.0**
Trade and other receivables	**1.8**
Cash and cash equivalents	**8.0**
Trade and other payables	**(11.7)**
Deferred income tax	**0.7**
Borrowings	**(6.2)**
Total identifiable net assets	**104.4**
Non-controlling interest	**(23.6)**
De-recognition of investment in joint venture	**(70.8)**
Fair value adjustment of step-up from joint venture to subsidiary	**18.7**
Share of other comprehensive income recycled to profit or loss	**(12.1)**
Purchase consideration – settled in cash	**16.6**
The contribution of this business since acquisition	
Revenue	**45.8**
Operating profit before finance cost and income tax	**2.2**
The *pro forma* contribution of this business assuming the acquisition was at the beginning of the year	
Revenue	**185.6**
Operating profit before finance cost and income tax	**7.7**

10. NON-CURRENT ASSETS HELD FOR SALE

The assets related to the fish paste spreads business have been presented as "assets of a disposal group classified as held for sale" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* at 30 September 2017 following the Board's decision to dispose of this business.

The carrying values of the assets of this business were remeasured at fair value less costs to sell and the following impairment losses were consequently recognised in the line item "Items of a capital nature" in the statement of comprehensive income for the year ended 30 September 2017.

Nature	Audited Year ended 30 September 2017 R'm
Intangible assets – trademarks	**21.0**
Goodwill	**10.1**
Subtotal	**31.1**
Income tax effect	**(5.9)**
After income tax effect	**25.2**

The assets of the fish paste spreads business are presented within the Groceries segment and are as follows:

	Audited 30 September 2017 R'm
Assets of the disposal group classified as held for sale:	
Property, plant and equipment	**2.3**
Intangible assets	**12.5**
Inventories	**5.2**
	20.0

11. FAIR VALUE MEASUREMENT

The information below analyses assets and liabilities that are carried at fair value at each reporting period, by level of hierarchy as required by IFRS 7 and IFRS 13.

	Audited fair value measurements at 30 September 2017 using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1) R'm	Significant other observable input (Level 2) R'm	Significant unobservable input (Level 3) R'm
Assets measured at fair value			
Available-for-sale financial assets			
– Listed securities	**136.7**	**–**	**–**
– Unlisted securities	**–**	**1.4**	**–**
Derivative financial instruments			
– Foreign exchange contracts	**–**	**22.1**	**–**
– Forward purchase contracts on own equity	**–**	**231.3**	**–**
– Embedded derivatives	**–**	**0.6**	**–**
Assets of disposal group classified as held for sale	**–**	**–**	**12.5**
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	**–**	**2.6**	**–**

	Audited fair value measurements at 30 September 2016 using:		
	Quoted prices in active markets for identical assets and liabilities (Level 1) R'm	Significant other observable input (Level 2) R'm	Significant unobservable input (Level 3) R'm
Assets measured at fair value			
Available-for-sale financial assets			
– Listed securities	126.8	–	–
– Unlisted securities	–	1.5	–
Derivative financial instruments			
– Foreign exchange contracts	–	6.6	–
– Forward purchase contracts on own equity	–	489.9	–
– Embedded derivatives	–	0.8	–
Biological assets			
– Vineyards	–	–	16.0
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	16.1	–

There have been no transfers between level one, two or three during the period, nor were there any significant changes to the valuation techniques and input used to determine fair values.

11. FAIR VALUE MEASUREMENT (continued)

Financial assets and liabilities

The fair values of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1. Instruments included in level 1 primarily comprise JSE-listed equity investments classified as available for sale.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument were observable, the instrument is included in level 2.

The fair values of the forward purchase contracts on own equity are determined at each reporting date and any changes in the values are recognised in profit or loss. The fair values of the forward purchase contracts have been determined by an independent external professional financial instruments specialist by using a discounted cash flow model. The inputs to this valuation method include the risk free rate, dividend yield, contractual forward price and the spot price at the reporting date.

The Group uses a variety of methods that makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

The carrying amounts of cash, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings are assumed to approximate their fair values due to the short term until maturity of these assets and liabilities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair values of long-term investments and long-term borrowings are not materially different from the carrying amounts.

Assets of a disposal group classified as held for sale

The assets related to the fish paste spreads business have been presented as "assets of a disposal group classified as held for sale" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* for the year ended 30 September 2017. Refer to note 10 for further detail.

In terms of IFRS 5, an entity shall measure a non-current disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The fair value less costs to sell was determined based on an income valuation approach. In terms of the income valuation approach, the discounted cash flow method is used to determine the present value of projected future cash flows for a cash-generating unit ("CGU") using a rate of return that is commensurate with the risk associated with the business and the time value of money. This approach requires assumptions about revenue growth rates, operating margins, tax rates and discount rates. The assumptions regarding growth are based on the CGU's internal forecasts for revenue, operating margins and cash flows for a period of five years and by application of a perpetual long-term growth rate thereafter. Past experience, economic trends as well as market and industry trends were taken into consideration.

The key assumptions used in performing the impairment tests were as follows:

Discount rate (pre tax)	**18.0%**
Perpetual growth rate	**5.0%**
Income tax rate	**28.0%**

12. PREPARATION OF FINANCIAL STATEMENTS

These summarised consolidated financial statements have been prepared under the supervision of F Lombard, CA(SA), CFO.

13. AUDIT

The external auditors, PricewaterhouseCoopers Inc., have audited the Group's financial statements for the year ended 30 September 2017 and their unqualified auditor's report is available for inspection at the registered office of the Company.

The Group's auditors have not reviewed nor reported on any of the comments relating to prospects.

COMMENTARY

INTRODUCTION

As mentioned in the trading statement issued on 23 October 2017, the 2017 financial year presented a number of challenges. Consequently, adjusted headline earnings per share decreased by 50% to 442 cents, largely due to constrained trading conditions and an unfavourable procurement position until May 2017 on maize following the severe drought in the northern part of South Africa during the 2015/16 season. Continuing initiatives to enhance operating margins through cost mitigation and efficiency interventions delivered sound cash flow generation during the year. This allowed the Company to declare a dividend equal to that of the prior year. Pioneer Foods is well positioned for recovery during the 2018 financial year.

FINANCIAL PERFORMANCE

Revenue decreased by 5% from R20.6 billion in the comparative period due to a combination of raw material deflation, volume declines and resistance to price increases.

The Group's gross profit margin decreased from 29.5% to 26.3% whilst the adjusted operating profit (before items of a capital nature) decreased by 44% to R1 277 million. The operating profit margin contracted from 11.0% to 6.5% due to unfavourable procurement positions as well as volume declines in material categories.

Profit before tax amounted to R985 million after finance costs of R197 million (2016: R167 million). The share of profit from joint ventures and associates decreased from R100 million to R60 million. Bokomo Botswana and Heinz Foods SA delivered disappointing performances. The former was significantly impacted by the Group's unfavourable maize hedge position. Heinz's volumes lagged expectations and due to the inability to adjust its cost base to this volume reality, posted a poor profit performance.

Total Group earnings per share decreased by 57% to 390 cents per share (2016: 912 cents per share).

Total Group earnings was negatively impacted by items of a capital nature amounting to a net after tax cost of R36.7 million (2016: income of R14.5 million). The impairment of goodwill and trademarks associated with the fish paste business was the major contributor.

Headline earnings per share ("HEPS"), decreased by 55% to 410 cents per share (2016: 904 cents per share).

HEPS was negatively impacted by the net effect of the IFRS 2 share-based payment charge relating to the Phase I (2006) B-BBEE transaction and the effect of the related forward purchase contracts (amounting on a net basis to a loss of R42 million after tax). The major reason for this loss is the fact that the hedge is valued at 100% of the mark-to-market value, whilst the liability is valued differently in accordance with IFRS 2. An adjustment was also made for specific once-off merger and acquisition costs.

Adjusted HEPS, before the Phase I B-BBEE share-based payment charge and hedge and once-off merger and acquisition cost, decreased by 50% to 442 cents per share (2016: 883 cents per share).

DIVISIONAL PERFORMANCE

Essential Foods

The performance of the division was severely impacted, as previously reported, by the uncompetitive maize procurement position in 2016 that was entered into to secure supply in light of the unprecedented drought and shortage in white maize availability. The milling of the high priced, local and imported maize was completed by the end of May and profitability normalised from July 2017. The White Star brand proved its resilience and maintained its leadership position despite the challenging business environment. White Star Instant Porridge achieved encouraging volume growth following the commissioning of additional manufacturing capacity.

Wheat milling performance was negatively impacted by the unpredictable application of the wheat import duty mechanism and increased competition in the flour and bread markets. Bakeries, despite muted volume growth, sustained its performance of the last few years. Efficiency gains in the rice supply chain enabled the business to expand its profitability. Pasta Grande's contribution to total sales volumes improved consistently during the year due to increased penetration and promotional support. This, along with step-changed manufacturing efficiencies, bolstered the performance of the pasta business.

The improved profit performance of Essential Foods since the fourth quarter of the financial year is set to continue into 2018.

Groceries

The Groceries Division's performance was negatively influenced by a general decrease in volumes as a consequence of double-digit price inflation driven by raw materials, and the resulting overall pressure on demand. The once-off reduction in minimum stock levels by South African retailers also contributed to the volume declines.

Competition in the long-life fruit juice category intensified, contributing to a poor operating performance in the beverage category, further exacerbated by the costs associated with exiting the unprofitable private label carbonated soft drink business. While breakfast cereal volumes were under pressure, Weet-Bix however maintained its market share. Snacks and Treats, driven by the nuts category, delivered a stellar performance.

Early indications are that the performance of this division will recover in 2018 through competitive pricing and promotional activity and consequent volume growth.

International

The consumer export business faced a challenging year. The economic instability in key markets such as Mozambique and Zimbabwe negatively impacted trading conditions. Operating margins were further impacted by significant input cost inflation on global fruit concentrates and the inability to increase selling prices within the context of constrained consumption.

A profitable contribution from the vine fruit business was largely eroded by the lower crop in the previous year (partly sold in 2017), the strengthening rand as well as lower US dollar selling prices realised.

The UK business was impacted by uncertainty around Brexit and the consequent weaker currency resulting in import inflation and an inability to increase sales prices sufficiently. The Nigerian bakery business showed good profit growth on the back of strong growth in volumes. Beverage exports, predominantly into Africa, will continue to remain under pressure in the coming year. The rest of the businesses should deliver an improved performance.

FINANCIAL POSITION

Net cash profit from operating activities decreased by 38% to R1 661 million (2016: R2 668 million). Major decreases in commodity prices, especially maize, resulted in a significant release of working capital of R752 million (2016: investment of R775 million). Net cash flow from operating activities thus increased by 45% to R1 770 million (2016: R1 224 million).

Capital expenditure for the year amounted to R960 million (2016: R809 million). Major projects included the completion of the Aeroton bakery expansion and the additional Weet-Bix line as well as the installation of a third line at Shakaskraal bakery.

On 3 March 2017, the Group acquired 49.89% of the shares in Weetabix East Africa Ltd for an amount of R191.5 million.

The Group also increased its equity share in Food Concepts Pioneer Ltd in Nigeria to 64.4% by investing a further R16.6 million, effective 1 July 2017.

The Group's net interest-bearing debt, excluding the third-party debt relating to the Phase II B-BBEE transaction partners, was R612 million (2016: R501 million) at year-end, with a net debt to equity ratio of 8% (2016: 6%).

After year-end the Group entered into an agreement to acquire the remaining 50.1% in its joint venture with Kraft Heinz in South Africa. This purchase creates an excellent opportunity to leverage Pioneer Foods' existing scale and platform in Southern Africa to grow the business further. The transaction is expected to close in the first quarter of 2018 pending regulatory approval.

PROSPECTS

While we anticipate demand to remain constrained in 2018, we foresee a positive outlook for Pioneer Foods in the current financial year and beyond, with continuing actions to restore the margin while maintaining steady cash flow generation.

We expect that maize will deliver a normalised performance in 2018. Bakeries performance will benefit from the investment in additional capacity at the Aeroton and Shakaskraal facilities, with the latter expected to come on stream in January 2018. With a more competitive supply chain and brand portfolio strategy in place, performance of the beverage category should accelerate in 2018. A slower recovery is however expected in export performance due to structural challenges in key markets. Fruit profitability should improve in 2018 with early indications of increased global pricing and subject to the 2018 harvest yielding the positive result currently expected. We are concerned about the persistent drought in the Western Cape and the potential effect it may have on operations and selected raw material pricing, and are actively pursuing all available options to mitigate these operating risks.

DIVIDEND

A gross final dividend of 260 cents (2016: 260 cents) per share has been approved and declared by the Board for the year ended 30 September 2017 from income reserves. The applicable dates for the final dividend are as follows:

Last date to trade cum dividend	Tuesday, 30 January 2018
Trading ex-dividend commences	Wednesday, 31 January 2018
Record date	Friday, 2 February 2018
Dividend payable	Monday, 5 February 2018

The total dividend for the year under review is 365 cents per share, the same as in 2016.

The total dividend amount for the year approximates R820 million (2016: R817 million) and is based on a dividend cover of 1.1 times (2016: 2.2 times). This is calculated as adjusted headline earnings for the year divided by the total dividend for the year, excluding the dividend on treasury shares held by a Group subsidiary.

A gross final dividend of 78 cents (2016: 78 cents) per class A ordinary share, being 30% of the gross final dividend payable to ordinary shareholders in terms of the rules of the relevant employee scheme, will be paid during February 2018.

Share certificates may not be dematerialised or materialised between Wednesday, 31 January 2018 and Friday, 2 February 2018, both days inclusive.

By order of the Board

ZL Combi
Chairman

TA Carstens
Chief Executive Officer

Tyger Valley
16 November 2017

ANNEXURE 2

Shareholder information

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Shareholder spread				
Ordinary shares				
Individuals	**5 250**	**71.3**	**18 306 654**	**7.8**
Nominees and trusts	**1 054**	**14.3**	**11 922 167**	**5.1**
Investment companies and corporate bodies	**1 061**	**14.4**	**203 150 624**	**87.1**
	7 365	**100.0**	**233 379 445**	**100.0**
Non-public/public shareholders				
Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2017 is as follows:				
Analysis of shareholding – ordinary shares				
Public shareholding				
Major shareholders				
Government Employees Pension Fund	**1**	**–**	**21 234 959**	**9.1**
Dipeo Capital (RF) (Pty) Ltd (note 1)	**1**	**–**	**9 326 640**	**4.0**
Other shareholders	**7 353**	**99.9**	**115 296 332**	**49.4**
Non-public shareholding				
Major shareholders				
Zeder Investments Ltd (note 1)	**1**	**–**	**58 250 788**	**25.0**
Pioneer Foods (Pty) Ltd	**1**	**–**	**17 982 056**	**7.7**
Other shareholders				
Pioneer Foods Broad-Based BEE Trust	**1**	**–**	**10 745 350**	**4.6**
Directors	**7**	**0.1**	**543 320**	**0.2**
	7 365	**100.0**	**233 379 445**	**100.0**
Distribution of ordinary shareholders				
Number of shares				
1 – 1 000 shares	**4 499**	**61.1**	**1 426 075**	**0.6**
1 001 – 10 000 shares	**1 940**	**26.3**	**7 013 050**	**3.0**
10 001 – 50 000 shares	**631**	**8.6**	**14 429 214**	**6.2**
50 001 – 100 000 shares	**126**	**1.7**	**9 289 109**	**4.0**
100 001 – 500 000 shares	**131**	**1.8**	**29 327 673**	**12.6**
500 001 shares and over	**38**	**0.5**	**171 894 324**	**73.6**
	7 365	**100.0**	**233 379 445**	**100.0**

Note:

1. *And its wholly owned subsidiaries.*

ANNEXURE 3

Directors' Profiles

ZL (KK) Combi (65)

Chairperson of the Board, independent non-executive director, member of the human capital committee and chairperson of the nomination committee

Diploma in Public Relations

Mr Combi was the executive chairman of Thembeka Capital Ltd, until its unbundling. He holds a diploma in public relations and was awarded the EY South African of the Year Award in 2000, as well as the World Entrepreneur of the Year in Managing Change Award in 2001. Mr Combi is a member of the Institute of Directors and serves on various listed and unlisted companies' boards.

Director since 29 March 2010.

NS (Nonhlanhla) Mjoli-Mncube (58)

Independent non-executive director, member of the social and ethics committee

MA (City and Regional Planning), Executive leadership qualifications (Harvard and Wharton, USA), Postgraduate Certificate: Technology Management (Warwick, UK)

Ms Mjoli-Mncube is a fellow of the Massachusetts Institute of Technology and Aspen Global Leadership Institute, USA. She is the former economic advisor to the Presidency and former deputy chair of the Construction Industry Development Board. Ms Mjoli-Mncube serves on the boards of several listed companies and has held executive positions. She is also a recipient of the SABC Businesswoman of the Year Award and currently manages her own construction company.

Director since 25 November 2004.

SS (Sango) Ntsaluba (57)

Independent non-executive director, member of the audit, risk and nomination committees

BCom, BCompt (Hons), CTA, CA(SA), HDip Tax Law, MCom

Mr Ntsaluba is the founding chief executive officer and executive chairman of Amabubesi Investments. He currently serves as a director on the boards of Barloworld, National Housing Finance Corporation, Basil Read, Ubank and Kumba Iron Ore.

Director since 19 November 2015.

NW (Norman) Thomson (65)

Independent non-executive director, chairman of the audit committee, member of the risk and human capital committees

BCom, CA(SA)

Mr Thomson worked for Woolworths for 22 years, serving in various senior positions in Foods, Store Operations and Supply Chain. He was appointed to the WHL board in 2000 and held the position of Group Finance Director from 2001 until his retirement in 2013. He also served as a director on the board of Country Road in Australia and was chairman of the Woolworths group subsidiaries in Kenya, Tanzania, Uganda, Nigeria and Zambia until 2014.

Director since 19 November 2015.

LE (Lindiwe) Mthimunye-Bakoro (43)

Independent non-executive director, member of the audit committee

BCom, Postgraduate Diploma: Accounting, Postgraduate Diploma: Tax Law, MCom, CA(SA)

Ms Mthimunye-Bakoro is a Chartered Accountant (SA) and has extensive governance, finance and business experience, having worked in investment banking and served on the boards of various listed and unlisted companies including Woolworths, Group 5, Sea Harvest, PetroSA and Hyundai Automotive South Africa.

Director since 1 November 2016.

TA (Tertius) Carstens (54)

Chief Executive Officer

BEng (Chem), MBA

Mr Carstens has been with the Group since 1994 and has 23 years' experience within Pioneer Foods. Initially, he was involved in the engineering and technical components of the business, but has since gained strong strategic experience through his involvement in various aspects of the Group. He worked in managerial and executive capacities, both in the Groceries and Essential Foods divisions. He was actively involved in a number of the Group's joint ventures, many of them since inception. He was appointed CEO and executive director of the Group from 1 October 2017.

F (Felix) Lombard (48)

Chief Financial Officer

MCom (Tax), CA(SA)

Mr Lombard started his career with the Group in 1995 as head of information systems at Bokomo and then Pioneer Foods. Until recently, he was the executive responsible for the Groceries division. He was appointed as CFO of the Group and executive director on 1 July 2017. In addition to his finance responsibilities, he is accountable for information technology, investor relations, and mergers and acquisitions. He has been with the Group since 1995.

ANNEXURE 4

Going concern statement

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of preparing the financial statements.

ANNEXURE 5

Directors' responsibility

In accordance with the requirements of the Companies Act, Act 71 of 2008, as amended from time to time, the Board is responsible for the preparation of the annual financial statements as well as the consolidated annual financial statements of Pioneer Food Group Ltd ("Pioneer Foods"). The aforementioned comply with International Financial Reporting Standards ("IFRS") and fairly present the state of affairs of Pioneer Foods and its subsidiaries ("the Group") at the end of the financial year, and the financial performance and cash flows for the stated period.

The Board is responsible for the information in the annual statutory financial statements. Furthermore, it is also responsible for the information in the annual integrated report, for both its accuracy and consistency with the financial statements.

It is the responsibility of the independent external auditors to report on the fair presentation of the financial statements.

The Board is ultimately accountable for the Group's governance practices which includes, amongst other, internal control processes. Conversely, management enables the Board to meet its responsibilities in this regard. In addition, standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the Group's financial records and its financial statements. The Board and management are, furthermore, also committed to adequately safeguard, verify and maintain accountability for the Group's assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates are applied on a consistent and going concern basis. Systems and controls include proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties.

Based on the information and reasoning provided by management as well as the internal and external auditors in their respective capacity as assurance providers, the Board is of the view that the accounting controls are sufficient for the purposes required and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the Group's assets and liabilities.

During the year under review, and at the publication date of this report, nothing has come to the Board's and/or management's attention that indicates or implies a breakdown in the functioning of the said controls, resulting in a material loss to the Group.

The Board has a reasonable expectation that the Group and its subsidiaries have adequate resources to continue operating in the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

The annual financial statements were approved by the Board on 16 November 2017 and are herewith signed on its behalf by:

ZL Combi
Chairman

TA Carstens
Chief Executive Officer

ANNEXURE 6

Directors' interest in shares

As at 30 September 2017 the aggregate of the direct and beneficial interest of directors was 0.23% (2016: 0.20%) of the issued share capital of the Company. Indirect interest through listed public companies has not been taken into account. Individual directors' interest in the issued share capital of the Company is reflected below. Since the end of the financial year and the date of the annual financial statements there were no changes in the interest of directors.

The direct and indirect interests of the directors in the issued share capital of the Company are reflected in the table below:

	Number of shares#			
	Direct	Indirect*	Total	% of issued ordinary share capital
30 September 2017				
PM Roux (30 September 2017)**	**8 800**	**–**	**8 800**	**–**
F Lombard (1 July 2017)***	**62 576**	**11 208**	**73 784**	**0.03**
ZL Combi	**–**	**172 295**	**172 295**	**0.07**
Prof ASM Karaan	**–**	**86 147**	**86 147**	**0.04**
NS Mjoli-Mncube	**–**	**86 147**	**86 147**	**0.04**
G Pretorius	**–**	**30 000**	**30 000**	**0.01**
AH Sangqu	**–**	**86 147**	**86 147**	**0.04**
	71 376	**471 944**	**543 320**	**0.23**
30 September 2016				
ZL Combi	–	172 295	172 295	0.07
Prof ASM Karaan	–	86 147	86 147	0.04
NS Mjoli-Mncube	–	86 147	86 147	0.04
G Pretorius	–	30 000	30 000	0.01
AH Sangqu	–	86 147	86 147	0.04
	–	460 736	460 736	0.20

Notes:

There has been no change in the directors' interest in shares from the end of the financial year to the date of the approval of the annual financial statements.

* Include shares issued during a previous year to SPVs, wholly owned by BEE directors, in terms of the B-BBEE equity transaction.

** Retired as director.

*** Appointed as director.

ANNEXURE 7

Share capital

	Audited 30 September 2017 R'000	Audited 30 September 2016 R'000
Authorised – ordinary shares of 10 cents each		
400,000,000 (2016: 400,000,000) ordinary shares	**40 000**	40 000
Authorised – class A ordinary shares of 10 cents each		
18,130,000 (2016: 18,130,000) class A ordinary shares	**1 813**	1 813
Total issued and fully paid – ordinary shares of 10 cents each		
At beginning of year: 232,472,909 (2016: 232,739,331) ordinary shares	**23 249**	23 275
Issued to management in terms of share appreciation rights scheme: 906,536 (2016: 345,578) ordinary shares	**91**	35
Shares bought back from management share incentive trust and cancelled: Nil (2016: 612,000) ordinary shares	**–**	(61)
At end of year: 233,379,445 (2016: 232,472,909) ordinary shares	**23 340**	23 249

Shares issued in terms of share appreciation rights scheme
During the year the Company issued 906,536 (2016: 345,578) ordinary shares of 10 cents each at an average of R163.49 (2016: R167.24) per share in terms of the share appreciation rights scheme.

Shares issued in terms of the B-BBEE equity transaction
During 2012 the Company issued 28,691,649 shares to the value of R1,000,347,998 to special purpose vehicles ("SPVs") that were formed in terms of a B-BBEE equity transaction. In terms of the transaction 17,488,631 ordinary shares were issued to strategic BEE partners at a subscription price of R55.14 per share and 603,030 ordinary shares to current and former black directors of the Company at a subscription price of R58.04 per share. A further 10,599,988 shares were issued to the Pioneer Foods Broad-Based BEE Trust ("BEE Trust") at a subscription price of R0.10 per share.

These SPVs are consolidated as wholly owned subsidiaries in terms of IFRS and these issued shares of the Company are consequently treated as treasury shares of the Group. The B-BBEE equity transaction was in accordance with the Company's memorandum of incorporation and the Companies Act, Act 71 of 2008, as amended from time to time.

	Audited 30 September 2017 R'000	Audited 30 September 2016 R'000
Treasury shares of 10 cents each – nominal value		
Treasury shares held by management share incentive trust		
At beginning of year: 47,620 (2016: 729,612) ordinary shares	**5**	73
Net treasury shares sold to participants: 47,620 (2016: 69,992) ordinary shares	**(5)**	(7)
Net treasury shares sold to the Company: Nil (2016: 612,000) ordinary shares	**–**	(61)
At end of year: Nil (2016: 47,620) ordinary shares	**–**	5
Treasury shares held by B-BBEE equity transaction participants		
At beginning and at end of year: 18,091,661 (2016: 18,091,661) ordinary shares	**1 809**	1 809

Share capital (continued)

	Audited 30 September 2017 R'000	Audited 30 September 2016 R'000
Treasury shares held by Pioneer Foods Broad-Based BEE Trust		
At beginning and at end of year: 10,745,350 (2016: 10,745,350) ordinary shares	**1 075**	1 075
Treasury shares held by subsidiary		
At beginning and at end of year: 17,982,056 (2016: 17,982,056) ordinary shares	**1 798**	1 798
Total treasury shares – nominal value		
At beginning of year	**4 687**	4 755
Ordinary shares sold by management share incentive trust (at strike price)	**(5)**	(7)
Ordinary shares bought back from management share incentive trust and cancelled	**–**	(61)
At end of year	**4 682**	4 687
Net listed ordinary share capital – nominal value		
Total issued and fully paid ordinary shares	**23 340**	23 249
Treasury shares held by management share incentive trust	**–**	(5)
Treasury shares held by B-BBEE equity transaction participants	**(1 809)**	(1 809)
Treasury shares held by Pioneer Foods Broad-Based BEE Trust	**(1 075)**	(1 075)
Treasury shares held by subsidiary	**(1 798)**	(1 798)
	18 658	18 562

The unissued ordinary shares in the Company, limited to 5% of the ordinary shares in issue at the last year-end date, are placed under the control of the directors until the next annual general meeting and they are authorised to issue any such shares as they may deem fit, subject to some restraints relating to the issue price.

Treasury shares – carrying amount		
Consist of:		
Treasury shares held by management share incentive trust	**–**	1 355
Treasury shares held by B-BBEE equity transaction participants	**999 288**	999 288
Treasury shares held by Pioneer Foods Broad-Based BEE Trust	**24 000**	24 000
Treasury shares held by subsidiary	**163 113**	163 113
	1 186 401	1 187 756
Issued and fully paid – unlisted class A ordinary shares of 10 cents each held by employee share scheme trust		
At beginning of year: 3,707,830 (2016: 4,234,300) class A ordinary shares	**371**	424
Bought back and cancelled: 532,910 (2016: 526,470) class A ordinary shares	**(54)**	(53)
At end of year: 3,174,920 (2016: 3,707,830) class A ordinary shares held by employee share scheme trust	**317**	371

Class A ordinary shares are not listed on the JSE. These shares have full voting rights, similar to those of ordinary shares.

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