



Voluntary trading update for the four months to 31 January 2012

As is customary Pioneer Foods provides this voluntary update on the Group's trading for the four months to 31 January 2012.

Revenue for the four months increased by 12% to R6 billion with volumes contracting by between 3% and 5% on average in the Group's product basket as discretionary spend by consumers remain constrained. Price inflation is estimated at between 15% and 17% for the period under review.

Contributing factors include the rampant increase of raw material costs with maize spot prices increasing by more than 100 percent over the corresponding period, fruit juice concentrates by more than 90 percent and sugar by more than 20 percent to name a few.

Other operating costs also experienced substantial inflationary pressure during the period under review, including diesel that increased by more than 40 percent, electricity by between 25 and 40 percent and average payroll costs by more than eight percent over the corresponding period.

Sales volume performance for wheaten flour and bread is impacted by the increased volume base in the comparative period resulting from the gross profit reduction in that period. As a result wheaten flour sales volumes were down and some market share was shed in the standard bread market. Share of the expanding premium bread market has grown, though off a low base.

Maize meal consumption in general has been marginally weaker, though it is still at a relative high base compared to wheat. The Group maintained maize pricing and market leadership and volumes were stable by and large.

Rice and pasta volumes increased despite the increase of cheaper imports. Rice prices increased whereas pasta prices remained constant.

The Agri business continued to face pressure in the broiler and egg markets. The industry is grappling with cheaper imports, systemic oversupply and historically high maize prices.

Breakfast cereals performed well with an expanded range of value-added products in Weet-Bix, Nature's Source and Otees.

The launch of Moir's biscuits has been well received and the production roll-out is progressing to expectation. The outlook for raisins is improving and volumes should normalise in the current financial year.

Pepsi is continuing to grow volumes close to double-digits in a stable price environment. Long life fruit juice maintained price leadership and stable volumes. Further production improvement will follow as relocated equipment comes on stream in Wadeville and Ceres.

The Group will provide further earnings guidance prior to the closed period in the week commencing 12 March 2012.

The information provided has not been reviewed or reported on by the Group's independent auditors.

Paarl

15 February 2012