PIONEER FOODS

2015

NOTICE AND PROXY OF ANNUAL GENERAL MEETING AND SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

SALIENT FEATURES

Continuing operations		
Revenue	**R18 748 million**	+6%
Adjusted operating profit (before items of a capital nature)*	**R2 153 million**	+28%
Adjusted headline earnings*	**R1 534 million**	+31%
Adjusted headline earnings per share*	**832 cents**	+30%
Group		
Earnings	**R1 130 million**	+17%
Earnings per share	**613 cents**	+16%
Diluted earnings per share	**565 cents**	+12%
Adjusted earnings per share**	**807 cents**	+28%
Diluted adjusted earnings per share**	**744 cents**	+24%
Headline earnings	**R1 227 million**	+16%
Headline earnings per share	**665 cents**	+16%
Diluted headline earnings per share	**613 cents**	+12%
Adjusted headline earnings*	**R1 534 million**	+23%
Adjusted headline earnings per share*	**832 cents**	+23%
Diluted adjusted headline earnings per share*	**767 cents**	+19%
Net asset value per share	**3 758 cents**	+13%
Final gross dividend per listed ordinary share (2014: 156 cents)	**237 cents**	+52%
Total gross dividend per listed ordinary share (2014: 221 cents)	**332 cents**	+50%

Headline earnings ("HE") is calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants.

* HE and operating profit (before items of a capital nature) are adjusted for the impact of the share-based payment charge on the B-BBEE Phase I transaction on profit or loss due to the volatility of this share-based payment charge.

** Earnings are adjusted for the same share-based payment charge as made for adjusted HE and also for the 2015 impairment of Quantum Foods shares held by the consolidated Phase II B-BBEE equity transaction special purpose entities, amounting to R50.6 million.

DIRECTORS: ZL Combi (Chairman), PM Roux (CEO)*, CJ Hess (CFO)*, N Celliers, MM du Toit, Prof ASM Karaan, NS Mjoli-Mncube, G Pretorius, LP Retief, AH Sangqu, NW Thomson, PJ Mouton, SS Ntsaluba (* Executive)

COMPANY SECRETARY: J Jacobs **EMAIL:** Jay-Ann.Jacobs@pioneerfoods.co.za

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TRANSFER SECRETARIES: Computershare Investor Services (Pty) Ltd, 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

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CONTENTS

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")

22 December 2015

Dear Shareholder

NOTICE OF THE 2015 ANNUAL GENERAL MEETING AND PROXY FORM

We are pleased to enclose herewith a detailed notice of Pioneer Food's Annual General Meeting to be held at 09:00 on Friday, 12 February 2016, at Lanzerac Hotel & Spa, Lanzerac Road, Stellenbosch, 7600 ("the Annual General Meeting").

We have also included the following:

- summary 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 summary financial statements **will only be mailed to shareholders on request from 13 January 2016**. 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 2015.

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
Company Secretary

Notice of Annual General Meeting for the year ended 30 September 2015

Notice is hereby given to all shareholders recorded in the securities register of Pioneer Foods as at Friday, 11 December 2015, that the nineteenth Annual General Meeting of Pioneer Foods will be held on Friday, 12 February 2016, at 09:00 at Lanzerac Hotel & Spa, Lanzerac Road, Stellenbosch, 7600 ("the Annual General Meeting").

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 and risk committee for the year ended 30 September 2015. 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, 26 of 2005) is hereby confirmed as the individual responsible for performing the function of auditor as from February 2016 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, No. 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 11 640 393 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 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 – 5 (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:

3.1 Ordinary Resolution Number 3:

Re-election of independent non-executive director: Ms Nonhlanhla Sylvia Mjoli-Mncube

3.2 Ordinary Resolution Number 4:

Re-election of independent non-executive director: Zitulele Luke Combi

3.3 Ordinary Resolution Number 5:

Re-election of non-executive director: Matthys Michielse du Toit

Reason for Ordinary Resolutions Numbers 3 – 5 (inclusive)

The reason for and effect of Ordinary Resolutions Numbers 3 – 5 (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.

4. Ordinary Resolutions Numbers 6 – 8 (inclusive)

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

4.1 Ordinary Resolution Number 6

Confirmation of appointment: Norman William Thomson (independent non-executive director)

4.2 Ordinary Resolution Number 7

Confirmation of appointment: Petrus Johannes Mouton (non-executive director)

4.3 Ordinary Resolution Number 8

Confirmation of appointment: Sango Siviwe Ntsaluba (independent non-executive director)

Reason for Ordinary Resolutions Numbers 6 – 8 (inclusive)

The reason for and effect of Ordinary Resolutions Numbers 6 – 8 (inclusive) is that these directors were appointed by the Board on 19 November 2015 and in terms of clause 29.2.7 of the Company's memorandum of incorporation, such appointments are subject to the approval of the shareholders of the Company. A brief profile of each of the newly appointed directors appears in annexure 3 to this notice of Annual General Meeting.

5. Ordinary Resolution Number 9 -12 (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 a members of the Audit Committee of the Company, as recommended by the Board of Directors of the Company until the next Annual General Meeting of the Company to be held in 2017."

5.1 Ordinary Resolution Number 9

Re-appointment of member of the Audit Committee: Andile Hesperus Sangqu

5.2 Ordinary Resolution Number 10

Re-appointment of member of the Audit Committee: Lambert Phillips Retief

5.3 Ordinary Resolution Number 11

Subject to the result of Ordinary Resolution Number 3

Re-appointment of member of the Audit Committee: Ms Nonhlanhla Sylvia Mjoli-Mncube

5.4 Ordinary Resolution Number 12

Subject to the result of Ordinary Resolution Number 6

Appointment of member of the Audit Committee: Norman William Thomson

Reason for Ordinary Resolution Numbers 9 – 12 (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 or human resources.

6. Ordinary Resolution Number 13

Non-binding endorsement of Pioneer Foods' remuneration policy

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out in annexure 4 to the notice of Annual General Meeting."

Reason for Ordinary Resolution Number 13

The reason for Ordinary Resolution Number 13 is that King III recommends that the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders.

Special resolutions

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

7. 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 2016 until 31 March 2017, on the basis set out below:

	Fees from 1 April 2015 until 31 March 2016 Rand	Fees from 1 April 2016 until 31 March 2017 Rand
Chairpersons		
Board	664 358	700 898
Committee/Lead Independent Director	377 476	398 237
Committee Members		
Audit Committee	–	350 000
Risk Committee*	–	288 077
Human Capital	273 059	288 077
Nominations	273 059	288 077
Social and Ethics	273 059	288 077
Board Member (not serving on a committee)	206 311	217 658

* The Board resolved to separate the role and responsibility of the previous Audit & Risk Committee into two distinct committees, namely the Audit Committee and the Risk Committee.

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 2016 until 31 March 2017.

The effect of Special Resolution Number 1 is that the Company will be able to pay 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 2017.

8. Special Resolution Number 2

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

"Resolved that the Board of the Company ("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 authority is to grant the Board the authority 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 or corporation 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 of Directors 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.

9. 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 of the Company 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.

10. 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 prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, 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;
- 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 that have 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 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 the purpose of the business of the Group for a period of 12 months after the Annual General Meeting and after the date of the share repurchase; and
   - 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 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 29, 19 and 18 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 AGM contains all information required by the JSE Listings Requirements

11. 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, 11 December 2015**.

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, 5 February 2016**, 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 **Friday, 29 January 2016**.

Approvals required for ordinary and special resolutions

The Ordinary Resolutions, with the exception of Ordinary Resolution Number 2, 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 Listings Requirements of the JSE.

Special Resolutions Numbers 1 to 4 (inclusive) and Ordinary Resolution Number 2 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 Listing 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, 70 Marshall Street, Johannesburg, 2001, 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, 10 February 2016**, at **09:00** (South African time).

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

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.

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
Company Secretary

Pioneer Food Group Ltd
11 December 2015

Independent auditor's report on summary financial statements to the shareholders of Pioneer Food Group Ltd

The summary consolidated financial statements of Pioneer Food Group Ltd, set out on pages 11 to 25 of the Notice and Proxy of Annual General Meeting and Summary Consolidated Financial Statements for the year ended 30 September 2015, which comprise the summary consolidated statement of financial position as at 30 September 2015, and 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 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 19 November 2015. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

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, therefore, is not a substitute for reading the audited consolidated financial statements of Pioneer Food Group Ltd.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's ("JSE") 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, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Pioneer Food Group Ltd for the year ended 30 September 2015 are consistent, in all material respects, with those 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.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 19 November 2015 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2015, we have read the Directors' Report, the Report of the Audit and Risk Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: R Jacobs
Registered Auditor
Paarl
19 November 2015

ANNEXURE 1

PIONEER FOOD GROUP LIMITED

Summary consolidated financial statements for the year ended 30 September 2015

Group statement of comprehensive income

	Audited Year ended 30 September 2015 R'm	Audited Year ended 30 September 2014 R'm
Continuing operations		
Revenue	**18 748.2**	17 698.6
Cost of goods sold	**(12 773.7)**	(12 321.2)
Gross profit	**5 974.5**	5 377.4
Other income and gains/(losses) – net	**184.7**	115.9
Other expenses	**(4 313.3)**	(4 000.5)
Excluding the following:	**(4 006.5)**	(3 813.2)
Phase I B-BBEE transaction share-based payment charge	**(306.8)**	(187.3)
Items of a capital nature	**(48.5)**	(47.0)
Operating profit	**1 797.4**	1 445.8
Investment income	**39.3**	22.3
Finance costs	**(142.1)**	(138.0)
Share of profit of investments accounted for using the equity method	**71.4**	69.8
Profit before income tax	**1 766.0**	1 399.9
Income tax expense	**(588.7)**	(451.8)
Profit for the year from continuing operations	**1 177.3**	948.1
(Loss)/profit for the year from discontinued operations (attributable to owners of the parent)	**(45.0)**	18.2
Profit for the year	**1 132.3**	966.3
Other comprehensive income/(loss) for the year		
Items that will not subsequently be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations	**(1.0)**	0.6
Items that may subsequently be reclassified to profit or loss:	**70.3**	10.8
Fair value adjustments to cash flow hedging reserve	**12.3**	(9.3)
For the year	**86.9**	62.8
Current income tax effect	**(31.0)**	(18.4)
Deferred income tax effect	**6.6**	1.7
Reclassified to profit or loss	**(69.8)**	(75.8)
Current income tax effect	**26.4**	20.7
Deferred income tax effect	**(6.8)**	(0.3)
Fair value adjustments on available-for-sale financial assets	**(4.6)**	4.9
For the year	**(0.6)**	9.9
Deferred income tax effect	**(0.2)**	(1.2)
Reclassified to profit or loss	**(3.8)**	(3.8)
Share of other comprehensive income of investments accounted for using the equity method	**22.7**	3.1
Movement on foreign currency translation reserve	**39.9**	12.1
Total comprehensive income for the year	**1 201.6**	977.7
Profit/(loss) for the year attributable to:		
Owners of the parent		
For continuing operations	**1 175.4**	947.0
For discontinued operations	**(45.0)**	18.2
Non-controlling interest		
For continuing operations	**1.9**	1.1
	1 132.3	966.3
Total comprehensive income/(loss) for the year attributable to:		
Owners of the parent		
For continuing operations	**1 244.7**	973.7
For discontinued operations	**(45.0)**	2.9
Non-controlling interest		
For continuing operations	**1.9**	1.1
	1 201.6	977.7

Headline earnings reconciliation

	Audited Year ended 30 September 2015 R'm	Audited Year ended 30 September 2014 R'm
Reconciliation between profit/(loss) attributable to owners of the parent and headline earnings		
Profit/(loss) attributable to owners of the parent	**1 130.4**	965.2
For continuing operations	**1 175.4**	947.0
For discontinued operations	**(45.0)**	18.2
Remeasurement of items of a capital nature – continuing operations	**50.8**	34.1
Net loss on disposal of property, plant and equipment and intangible assets	**1.7**	1.3
Net profit on disposal of available-for-sale financial assets	**(3.8)**	(3.7)
Impairment of property, plant and equipment and available-for-sale financial assets	**50.6**	49.4
Before tax	**48.5**	47.0
Tax effect on remeasurement of items of a capital nature	**2.3**	(12.9)
Remeasurement of items of a capital nature – discontinued operations	**45.0**	55.7
Net profit on disposal of property, plant and equipment and intangible assets	**–**	(1.7)
Net loss on unbundling of Quantum Foods and disposal of Quantum Foods shares	**27.4**	–
Impairment of property, plant and equipment and intangible assets	**–**	77.7
Before tax	**27.4**	76.0
Tax effect on remeasurement of items of a capital nature	**17.6**	(20.3)
Remeasurement of items of a capital nature included in equity-accounted results	**1.1**	0.1
Effect on remeasurement of items of a capital nature	**1.5**	0.1
Tax effect on remeasurement of items of a capital nature	**(0.4)**	–
Headline earnings	**1 227.3**	1 055.1
For continuing operations	**1 227.3**	981.2
For discontinued operations	**–**	73.9
Phase I B-BBEE transaction share-based payment charge	**306.8**	187.3
Adjusted headline earnings (Note 1)	**1 534.1**	1 242.4
For continuing operations	**1 534.1**	1 168.5
For discontinued operations	**–**	73.9
Number of issued ordinary shares (million)	**232.7**	231.7
Number of issued treasury shares:		
– held by subsidiary (million)	**18.0**	18.0
– held by share incentive trust (million)	**0.7**	1.1
– held by B-BBEE equity transaction participants (million)	**18.1**	18.1
– held by BEE trust (million)	**10.7**	10.6
Number of issued class A ordinary shares (million)	**4.2**	6.0
Weighted average number of ordinary shares (million)	**184.5**	183.3
Weighted average number of ordinary shares – diluted (million)	**200.1**	192.1
Earnings per ordinary share (cents):		
– basic	**612.8**	526.5
– diluted	**564.9**	502.4
– headline	**665.3**	575.6
– diluted headline	**613.4**	549.2
– adjusted headline (Note 1)	**831.6**	677.8
– diluted adjusted headline (Note 1)	**766.7**	646.7
– adjusted headline for continuing operations (Note 1)	**831.6**	637.4
– diluted adjusted headline for continuing operations (Note 1)	**766.7**	608.2
Gross dividend per ordinary share (cents)	**332.0**	221.0
Gross dividend per class A ordinary share (cents)	**99.6**	66.3
Net asset value per ordinary share (cents)	**3 757.6**	3 318.2
Debt to equity ratio (%)	**5.8**	10.9

Note 1:
Headline earnings ("HE") is calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants. Adjusted HE is defined as HE adjusted for the impact of the share-based payment charge on the B-BBEE Phase I transaction on profit or loss due to the volatility of this share-based payment charge.

Group statement of financial position

	Audited 30 September 2015 R'm	Audited 30 September 2014 R'm
Assets		
Property, plant and equipment	**4 328.9**	4 229.1
Goodwill	**224.4**	220.8
Other intangible assets	**475.1**	457.2
Biological assets	**16.0**	16.0
Investments in and loans to associates and joint ventures	**574.0**	402.3
Available-for-sale financial assets	**141.8**	70.0
Trade and other receivables	**24.3**	23.4
Deferred income tax	**0.2**	3.7
Non-current assets	**5 784.7**	5 422.5
Current assets	**6 298.2**	5 420.9
Inventories	**2 678.9**	2 423.3
Derivative financial instruments	**20.6**	14.9
Trade and other receivables	**2 148.6**	1 873.8
Current income tax	**1.3**	1.3
Cash and cash equivalents	**1 448.8**	1 107.6
Assets of disposal group classified as held for sale	**88.1**	2 066.8
Total assets	**12 171.0**	12 910.2
Equity and liabilities		
Capital and reserves attributable to owners of the parent	**6 958.7**	6 102.4
Share capital	**23.3**	23.2
Share premium	**2 430.5**	2 255.2
Treasury shares	**(1 204.1)**	(1 186.5)
Other reserves	**460.5**	428.5
Retained earnings	**5 248.5**	4 582.0
Non-controlling interest	**12.3**	10.4
Total equity	**6 971.0**	6 112.8
Non-current liabilities	**2 273.4**	2 308.6
Borrowings		
B-BBEE equity transaction third-party finance	**449.7**	449.7
Other	**850.5**	1 063.8
Provisions for other liabilities and charges	**110.4**	101.5
Share-based payment liability	**395.8**	245.2
Deferred income tax	**467.0**	448.4
Current liabilities	**2 901.0**	3 920.7
Trade and other payables	**2 210.0**	2 258.2
Current income tax	**21.0**	18.1
Derivative financial instruments	**15.8**	9.7
Borrowings	**553.9**	260.7
Loan from joint venture	**20.5**	15.7
Share-based payment liability	**79.3**	115.8
Dividends payable	**0.5**	1 242.5
Liabilities of disposal group classified as held for sale	**25.6**	568.1
Total equity and liabilities	**12 171.0**	12 910.2

Group statement of changes in equity

	Audited Year ended 30 September 2015 R'm	Audited Year ended 30 September 2014 R'm
Share capital, share premium and treasury shares	**1 249.7**	1 091.9
Opening balance	**1 091.9**	1 020.8
Movement in treasury shares	**5.3**	4.4
Ordinary shares acquired by BEE trust	**(22.9)**	–
Ordinary shares issued – share appreciation rights	**175.6**	66.8
Employee share scheme – repurchase of shares	**(0.2)**	(0.1)
Other reserves	**460.5**	428.5
Opening balance	**428.5**	426.2
Equity compensation reserve transactions	**38.9**	26.5
Ordinary shares issued – share appreciation rights	**(175.6)**	(66.8)
Deferred income tax on share-based payments	**105.9**	31.8
Share of other comprehensive income of investments accounted for using the equity method	**22.7**	3.1
Unbundling of Quantum Foods	**(7.5)**	–
Other comprehensive income for the year	**47.6**	7.7
Retained earnings	**5 248.5**	4 582.0
Opening balance	**4 582.0**	5 134.3
Profit for the year	**1 130.4**	965.2
Other comprehensive (loss)/income for the year	**(1.0)**	0.6
Dividends paid	**(463.3)**	(1 519.2)
Management share incentive scheme – disposal of shares	**1.4**	1.7
Employee share scheme – transfer tax on share transactions	**(1.0)**	(0.6)
Non-controlling interest	**12.3**	10.4
Opening balance	**10.4**	9.3
Profit for the year	**1.9**	1.1
Total equity	**6 971.0**	6 112.8

Group statement of cash flows

	Audited Year ended 30 September 2015 R'm	Audited Year ended 30 September 2014 R'm
Net cash profit from operating activities	**2 512.2**	2 133.9
Cash effect from hedging activities	**16.2**	(7.8)
Working capital changes	**(546.4)**	27.5
Net cash generated from operations	**1 982.0**	2 153.6
Income tax paid	**(475.5)**	(386.4)
Net cash flow from operating activities	**1 506.5**	1 767.2
Net cash flow from investment activities	**(422.7)**	(392.7)
Property, plant and equipment and intangible assets		
– additions	**(186.3)**	(269.7)
– replacements	**(465.5)**	(216.3)
– proceeds on disposal	**176.3**	55.7
Proceeds on disposal of and changes in available-for-sale financial assets and loans	**117.6**	(1.1)
Investment in joint ventures	**(126.3)**	–
Interest received	**37.2**	24.3
Dividends received	**2.1**	1.6
Dividends received from joint ventures	**22.2**	12.8
Net cash flow from financing activities	**(603.5)**	(422.0)
Proceeds from borrowings	**207.1**	78.1
Treasury shares acquired by BEE trust	**(22.9)**	–
Repurchase of class A ordinary shares from leavers and other share scheme transactions	**(187.1)**	(72.3)
Interest paid	**(137.4)**	(150.8)
Dividends paid	**(463.2)**	(277.0)
Net cash, cash equivalents and bank overdrafts on unbundling of Quantum Foods	**(105.6)**	–
Net increase in cash, cash equivalents and bank overdrafts	**374.7**	952.5
Net cash, cash equivalents and bank overdrafts at beginning of year	**1 018.1**	65.6
Net cash, cash equivalents and bank overdrafts at end of year	**1 392.8**	1 018.1
Disclosed as continuing operations	**1 380.9**	912.5
Disclosed as discontinued operations	**–**	105.6
Disclosed as disposal group held for sale	**11.9**	–

Group segment report

	Audited Year ended 30 September 2015 R'm	Audited Year ended 30 September 2014 Restated R'm
Segment revenue (Note 1)		
Essential Foods	**11 334.5**	10 651.9
Quantum Foods	**–**	3 591.4
Groceries: Cereals and other (formerly Bokomo Foods)	**2 420.3**	2 361.8
Groceries: Beverages (formerly Ceres Beverages)	**2 377.1**	2 411.3
International	**2 616.3**	2 273.6
Total	**18 748.2**	21 290.0
Segment results (Note 1)		
Essential Foods	**1 278.5**	975.5
Quantum Foods	**–**	21.6
Groceries: Cereals and other (formerly Bokomo Foods)	**252.0**	220.7
Groceries: Beverages (formerly Ceres Beverages)	**182.5**	124.7
International	**444.5**	363.4
Other	**(4.8)**	10.3
	2 152.7	1 716.2
Reversal of depreciation charge in Quantum Foods legal entities (asset held for sale)	**–**	54.7
Phase I B-BBEE transaction share-based payment charge	**(306.8)**	(187.3)
Operating profit before items of a capital nature	**1 845.9**	1 583.6
Reconciliation of operating profit (before items of a capital nature) to profit before income tax		
Operating profit before items of a capital nature	**1 845.9**	1 583.6
Adjusted for:		
Remeasurement of items of a capital nature	**(75.9)**	(123.0)
Interest income	**37.2**	24.3
Dividends received	**2.1**	1.6
Finance costs	**(142.1)**	(138.7)
Share of profit of investments accounted for using the equity method	**71.4**	70.4
Profit before income tax (including discontinued operations)	**1 738.6**	1 418.2

Note 1
Includes discontinued operations for the year ended 30 September 2014.

Note 2
Segment revenue and segment results were restated to:

* Reflect the operations of all exports, other than to Botswana, Namibia, Lesotho and Swaziland, as well as the operations of all foreign operations to a new segment, International; and
* Allocate corporate results to the operating segments, except for the B-BBEE Phase I share-based payment charge, the results of the legal entities for the ultimate holding company and the insurance captive, corporate legal costs, costs relating to BEE socio-economic and enterprise development and mergers and acquisitions.

Refer to note 10 of the notes to the summary consolidated financial statements for further detail regarding this restatement.

Notes to the summary consolidated financial statements

1. Basis of preparation

The summary consolidated financial statements of the Group for the year ended 30 September 2015 have been prepared in accordance with the requirements of the JSE Limited ("JSE") for summary financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements of the JSE require summary 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*. This summary report is an extract from audited information, but this summary report has not been audited.

The directors take full responsibility for the preparation of the summary 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 summary 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, except for the adoption of the following new standards, amendments to published standards and interpretations that became effective for the current reporting period beginning on 1 October 2014:

*Amendments to **IAS 32 – Financial Instruments: Presentation** on financial instruments asset and liability offsetting (effective 1 January 2014)*

*Amendments to **IAS 36 – Impairment of Assets** on recoverable amount disclosures (effective 1 January 2014)*

*Amendment to **IAS 39 – Financial Instruments: Recognition and Measurement** on novation of derivatives and hedge accounting (effective 1 January 2014)*

*Amendment to **IAS 19 – Employee Benefits** regarding defined benefit plans (effective 1 July 2014)*

***Annual improvements 2012** (issued December 2013) (effective 1 July 2014)*

***Annual improvements 2013** (issued December 2013) (effective 1 July 2014)*

***IFRIC 21 – Levies** (effective 1 January 2014)*

The adoption of these amendments to standards and interpretations did not have any material impact on the Group's results and cash flows for the year ended 30 September 2015 and the financial position at 30 September 2015.

In preparing these summary consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, other than the judgement exercised in the assessment of joint control over Food Concepts Pioneer Ltd as explained below, were the same as those that applied to the consolidated financial statements for the year ended 30 September 2014.

Assessment of joint control over Food Concepts Pioneer Ltd

Pioneer Foods acquired an interest of 50.1% in Food Concepts Pioneer Ltd ("FCP"), a bakery business in Nigeria, for a purchase consideration of R81.3 million during the period. The transaction became effective on 1 March 2015.

In the interim financial statements for the six months ended 31 March 2015, FCP was consolidated as the Group was of the opinion that it had power over the relevant activities of the company.

The assessment of whether the Group had power over the relevant activities of FCP involved the application of significant judgement and legal interpretation of the respective legal agreements. Since the publication of the interim financial statements, the Group has reassessed its interpretation and has concluded that, given the requirement for unanimous consent of both parties to the agreement in respect of the most significant relevant activities, a more appropriate classification would be that of a joint venture. Consequently, FCP has been accounted for as a joint venture and equity accounted in the financial statements of the Group for the year ended 30 September 2015.

As the transaction is considered immaterial in the context of the financial statements, the interim financial statements for the year ended 31 March 2015 will not be restated in 2016.

	Audited Year ended 30 September 2015	Audited Year ended 30 September 2014
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	**231 691 881**	231 006 847
Shares issued in terms of employee share appreciation rights scheme	**1 047 450**	685 034
At end of year	**232 739 331**	231 691 881
1,047,450 (30 September 2014: 685,034) listed ordinary shares of 10 cents each were issued at an average of R167.71 (30 September 2014: R97.47) per share in terms of the share appreciation rights scheme.		
Number of treasury shares held by the share incentive trust		
At beginning of year	**1 110 213**	1 422 116
Movement in shares	**(380 601)**	(311 903)
At end of year	**729 612**	1 110 213
Proceeds on the sale of treasury shares by the share incentive trust (R'000)	**6 660**	6 262
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 of year	**10 599 988**	10 599 988
Shares acquired	**145 362**	–
At end of year	**10 745 350**	10 599 988
Purchase consideration paid for shares acquired by BEE Trust (R'000)	**22 940**	–
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	**6 043 940**	7 367 360
Shares bought back and cancelled	**(1 809 640)**	(1 323 420)
At end of year	**4 234 300**	6 043 940
Purchase consideration paid for unlisted class A ordinary shares bought back (R'000)	**189 405**	74 988

4. Borrowings

Pioneer Foods obtained a R300 million vehicle and asset finance facility during the previous year. This facility is used to finance the replacement of the Group's bakery delivery vehicle fleet. The vehicles are acquired in terms of instalment sales agreements. These borrowings are secured by the vehicles acquired in terms of these agreements. At 30 September 2015, further borrowings obtained during the year in terms of these facilities amounted to R210.5 million.

No other material new borrowings were concluded during the year 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 237.0 cents (2015: gross interim dividend of 95.0 cents and 2014: gross final dividend of 156.0 cents) per ordinary share. This will amount to approximately R526,125,735 (2015: interim of R210,743,649 and 2014: final of R345,100,897) depending on the exact number of ordinary shares issued at the record date. In addition, the 10,745,350 (2015 interim: 10,745,350 and 2014 final: 10,683,570) Pioneer Foods shares issued to the Pioneer Foods Broad-Based BEE Trust, will receive 20% of the dividend payable, i.e. 47.4 cents (2015: gross interim of 19.0 cents and 2014: gross final dividend of 31.2 cents) per share, amounting to R5,093,296 (2015: interim of R2,041,617 and 2014: final of R3,333,274).

The Board approved a gross final dividend of 71.1 cents (2015: gross interim dividend of 28.5 cents and 2014: gross final dividend of 46.8 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 R3,010,587 (2015: interim of R1,226,047 and 2014: final of R2,223,519) depending on the exact number of class A ordinary shares issued at the record date.

5. Events after the reporting date (continued)

5.1 Dividend (continued)

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 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 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 201.450 cents per ordinary share and 60.435 cents per class A ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 237.0 cents per ordinary share and 71.1 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 232,797,446 and 4,121,600 respectively as at the date of this declaration.

5.2 Acquisition of a 50% equity interest in Future Life Health Products (Pty) Ltd ("Future Life")

As announced on SENS on 23 April 2015, Pioneer Foods entered into an agreement to acquire a 50% shareholding in Future Life.

As announced on SENS on 9 November 2015, The Competition Tribunal of South Africa granted conditional approval of this transaction. These conditions will have no negative impact on the commercial prospects for this venture.

5.3 Disposal of interest in Maitland Vinegar Works (Pty) Ltd

On 1 October 2015, all conditions precedent for the disposal of the Group's interest in Maitland Vinegar Works (Pty) Ltd were met. Refer to note 8.2 for further detail.

5.4 Other material events

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

6. Contingent liabilities

6.1 Guarantees

The Group had guarantees in issue of R36.5 million (30 September 2014: R50.2 million) as at 30 September 2015, primarily for loans by third parties to contracted suppliers.

As part of the financial assistance 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.

6.2 Dispute with egg contract producers – discontinued operations

Pioneer Foods is defending contractual claims from its former privatised egg contract producers. The matters were set down for arbitration during 2012. Since the hearings commenced in 2012, settlements were negotiated with all except one egg contract producer. These settlements had no adverse financial impact on Pioneer Foods.

During the year under review, settlement agreements were reached with Kwazulu Egg Producers (Pty) Ltd and Moerasrivier Boerdery (Pty) Ltd. The claim of the remaining contract egg producer being Flinkwink Properties (Pty) Ltd is still unresolved.

Pioneer Foods filed pleas to this claim and, in respect of this claim, a counterclaim has been filed to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producer. No further legal action transpired during the year under review. Based on legal opinion obtained, management is satisfied that this unresolved matter is low risk and poses no material financial risk to the Group.

Pioneer Foods unbundled its interests in Quantum Foods to its shareholders and subsequently Quantum Foods was listed on the JSE on 6 October 2014. Quantum Foods indemnified Pioneer Foods from any potential financial exposure to the claims from the egg contract producers.

7. Future capital commitments

Capital expenditure approved by the Board and contracted for amount to R492.0 million (30 September 2014: R299.8 million). Capital expenditure approved by the Board, but not contracted for yet, amount to R867.3 million (30 September 2014: R351.6 million). Capital commitments relating to joint ventures amount to R137.8 million (30 September 2014: R28.3 million).

8. Non-current assets held for sale and discontinued operations

8.1 Quantum Foods

The assets and liabilities related to the Quantum Foods segment, which include the equity interests held in the wholly owned subsidiaries Quantum Foods Holdings Ltd, Quantum Foods (Pty) Ltd, Philadelphia Chick Breeders (Pty) Ltd, Lohmann Breeders SA (Pty) Ltd, Bokomo Uganda (Pty) Ltd, Quantum Foods Zambia Ltd and Bokomo Zambia Ltd (included with Quantum Foods until 31 July 2014), have been presented as an "asset held for sale" and as "discontinued operations" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* for the year ended 30 September 2014, following the approval of the Board in September 2013 to restructure the Company's interest in the Quantum Foods segment.

Shareholders were advised on SENS on 5 September 2014 and 18 September 2014 that the Board resolved to proceed with the unbundling of its interest in Quantum Foods and to list Quantum Foods as a separate entity on the JSE. Quantum Foods was subsequently listed on the JSE on 6 October 2014.

The unbundling was accounted for as a *dividend in specie* at fair value in accordance with *IFRIC 17 – Distributions of Non-cash Assets to Owners*. IFRIC 17 requires distributions within its scope to be measured at the fair value of the assets to be distributed at the date when the dividend is appropriately authorised and is no longer at the entity's discretion. Consequently, an amount of R1,242.2 million, representing the fair value of the interest in Quantum Foods attributable to external shareholders, was accounted for as a dividend payable to shareholders at 30 September 2014. Refer to Note 9 for the methods and assumptions used to determine the fair value.

A profit of R82.5 million was recognised on the date of unbundling, representing the difference between the carrying amount of the disposal group and the fair value of the *dividend in specie*. The profit has been included in the line item "Items of a capital nature" for discontinued operations in the statement of comprehensive income for the year ended 30 September 2015.

Loss on the disposal of Quantum Foods shares

A wholly owned subsidiary, the management share incentive trust, the Pioneer Foods Broad-Based BEE Trust and the consolidated B-BBEE equity transaction participants of Pioneer Food Group, collectively received 47,783,918 shares in Quantum Foods as part of the unbundling of Quantum Foods due to their shareholding in Pioneer Foods. The shares were initially recognised at the fair value on the date of unbundling. During December 2014, 29,692,257 of these shares were sold at a loss of R109.9 million (before income tax). The loss has been included in the line item "Items of a capital nature" for discontinued operations in the statement of comprehensive income for the year ended 30 September 2015.

Impairment of Quantum Foods shares

The remaining 18,091,661 shares held by the Phase II B-BBEE equity transaction participants are accounted for as available-for-sale financial assets. As at 30 September 2015, the market value of the Quantum Foods shares was significantly lower than the cost price (fair value as at 6 October 2014). Consequently, an impairment loss of R50.6 million has been recognised. The loss has been included in the line item "Items of a capital nature" for continuing operations in the statement of comprehensive income for the year ended 30 September 2015.

	Audited 30 September 2015 R'm	Audited 30 September 2014 R'm
Assets of the disposal group classified as held for sale:		
Property, plant and equipment	–	1 075.5
Intangible assets	–	7.2
Investment in associates	–	6.1
Inventories	–	232.5
Biological assets	–	292.4
Trade and other receivables	–	343.5
Deferred income tax	–	3.1
Derivative financial instruments	–	0.9
Cash and cash equivalents	–	105.6
	–	2 066.8
Liabilities of the disposal group classified as held for sale:		
Deferred income tax	–	195.7
Provision for other liabilities and charges	–	15.6
Trade and other payables	–	355.3
Current income tax	–	1.5
	–	568.1
Hedging reserve	–	0.2
Currency translation reserve	–	7.3

8.1 Quantum Foods (continued)

The results of discontinued operations and the results recognised on the remeasurement of the Quantum Foods disposal group are as follows:

	Audited Year ended 30 September 2015 R'm	Audited Year ended 30 September 2014 R'm
Revenue	–	3 591.3
Operating profit before items of a capital nature	–	90.8
Items of a capital nature	(27.4)	1.7
Investment income	–	3.6
Finance costs	–	(0.7)
Share of profit of associated companies	–	0.6
(Loss)/profit before income tax	(27.4)	96.0
Income tax	(17.6)	(20.7)
(Loss)/profit after income tax	(45.0)	75.3
Loss after income tax recognised on the remeasurement of assets of the disposal group	–	(57.1)
Before income tax	–	(77.7)
Income tax	–	20.6
(Loss)/profit for the year from discontinued operations	(45.0)	18.2
Other comprehensive income/(loss) for the year from discontinued operations		
Fair value adjustments to cash flow hedging reserve		
For the year	–	0.3
Deferred income tax effect	–	(0.1)
Currency translation differences	–	(15.5)
Total comprehensive (loss)/profit for the year from discontinued operations	(45.0)	2.9
Cash flows of the disposal group classified as held for sale:		
Net cash flow from operating activities	–	93.0
Net cash flow from investment activities	–	(37.8)
Net cash flow from financing activities	–	25.8
Net cash, cash equivalents and bank overdrafts on unbundling of Quantum Foods	(105.6)	–
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(105.6)	81.0
Net cash, cash equivalents and bank overdrafts at beginning of year	105.6	24.6
Net cash, cash equivalents and bank overdrafts at end of year	–	105.6

8. Non-current assets held for sale and discontinued operations (continued)

8.2 *Maitland Vinegar*

As on 1 October 2015, all conditions precedent for the disposal of the Group's interest in Maitland Vinegar Works (Pty) Ltd were met. Consequently, the assets and liabilities related to Maitland Vinegar have been presented as a "disposal group held for sale" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* for the year ended 30 September 2015.

As the proceeds received were in excess of the carrying amount of the disposal group, no impairment was required. Maitland Vinegar is presented within the Groceries: Cereals and other segment.

	Audited 30 September 2015 R'm
Assets of the disposal group classified as held for sale:	
Property, plant and equipment	**42.7**
Intangible assets	**0.6**
Inventories	**12.5**
Trade and other receivables	**20.2**
Current income tax	**0.2**
Cash and cash equivalents	**11.9**
	88.1
Liabilities of the disposal group classified as held for sale:	
Deferred income tax	**4.8**
Trade and other payables	**20.8**
	25.6
Non-controlling interest	**12.4**

9. 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 2015 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	**141.6**	**–**	**–**
– Unlisted securities	**–**	**0.2**	**–**
Derivative financial instruments			
– Foreign exchange contracts	**–**	**20.4**	**–**
– Futures – fair value hedges	**–**	**0.2**	**–**
Biological assets			
– Vineyards	**–**	**–**	**16.0**
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	**–**	**15.1**	**–**
– Embedded derivative	**–**	**0.7**	**–**

9. Fair value measurement (continued)

	Audited fair value measurements at 30 September 2014 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	68.6	–	–
– Unlisted securities	–	1.4	–
Derivative financial instruments			
– Foreign exchange contracts	–	14.3	–
– Embedded derivative	–	0.7	–
Biological assets			
– Vineyards	–	–	16.0
Assets of disposal group classified as held for sale	–	–	2 066.8
Liabilities measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	9.7	–
Liabilities of disposal group classified as held for sale	–	–	568.1
Dividend in specie – unbundling of Quantum Foods	–	–	1 242.2

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.

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 comprise primarily 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 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 of 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.

9. Fair value measurement (continued)

Financial assets and liabilities (continued)

Biological assets

The fair value of vineyards is calculated as the future expected net cash flows from the asset, discounted at a current market-determined rate, over the remaining useful lives of the vineyards.

Assets and liabilities of disposal group classified as held for sale

The assets and liabilities related to the Quantum Foods segment have been presented as an "asset held for sale" and as "discontinued operations" in terms of *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* for the year ended 30 September 2014. Refer to note 8 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 using the average results of an income valuation approach and different scenarios for a market valuation approach.

In terms of the income 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 CGUs' 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 discount rate used to arrive at the present value of future cash flows represents the weighted average cost of capital ("WACC") for comparable companies operating in similar industries as the applicable CGU, based on publicly available information. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners. Its determination requires separate analysis of the cost of equity and debt and considers a risk premium based on an assessment of risks related to the projected cash flows of the CGU.

The South African businesses consist of a number of CGUs. Bokomo Uganda (Pty) Ltd and Quantum Foods Zambia (Pty) Ltd are two separate CGUs. The market approach assumes that companies operating in the same industry will share similar characteristics and that company values will correlate to these characteristics. The publicly available financial information of similar listed entities have been used to estimate two scenarios of fair value based on EBITDA multiples of these benchmark entities.

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

	30 September 2014
Discount rate	
South Africa	17.4%
Uganda	27.1%
Zambia	25.1%
Perpetual growth rate	
South Africa	5.5%
Uganda	5.5%
Zambia	6.5%
Income tax rate	
South Africa	28.0%
Uganda	30.0%
Zambia	12.5%

10. Restatement of financial information for comparative periods

Segment revenue and segment results were restated to:

- Reflect the operations of all exports, other than to Botswana, Namibia, Lesotho and Swaziland, as well as the operations of all foreign operations to a new segment, International; and
- Allocate corporate results to the operating segments, except for the B-BBEE Phase I share-based payment charge, the results of the legal entities for the ultimate holding company and the insurance captive, corporate legal costs, costs relating to BEE socio-economic and enterprise development and mergers and acquisitions.

	Audited Year ended 30 September 2014 R'm
(Decrease)/increase in revenue	
Essential Foods	(275.6)
Groceries: Cereals and other (formerly Bokomo Foods)	(1 366.5)
Groceries: Beverages (formerly Ceres Beverages)	(929.5)
International	2 273.6
Internal revenue reallocated to segments	298.0
Total	–
(Decrease)/increase in operating profit before items of a capital nature	
Essential Foods	(99.4)
Groceries: Cereals and other (formerly Bokomo Foods)	(186.0)
Groceries: Beverages (formerly Ceres Beverages)	(204.0)
International	363.4
Other	126.0
Total	–

11. Preparation of financial statements

These summary consolidated financial statements have been prepared under the supervision of CJ Hess, CA(SA), Group financial director.

12. Audit

The external auditors, PricewaterhouseCoopers Inc., have audited the Group's financial statements for the year ended 30 September 2015 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

The Group achieved pleasing results for the financial year ended 30 September 2015 despite a vulnerable South African economy, sustained competition and significant cost push. The following highlights underpinned the performance:

- Volume growth and share gains in most key categories
- Second half recovery in fruit exports
- Progressive expansion of bakery margins
- Containment of operating costs
- Successful exit of biscuits and Pepsi
- Acquisition and integration of the Nigerian joint venture

Financial performance

Continuing operations – *excluding the Phase I B-BBEE share-based payment charge and the impairment of Quantum Foods shares relating to the Phase II B-BBEE transaction participants*

Revenue from continuing operations increased by 6% to R18.7 billion (7% excluding Pepsi and biscuits) for the year under review. Despite the competitive landscape, pleasing volume growth was achieved in key categories.

Cost of goods sold increased 4% to R12.8 billion, benefiting from robust conversion cost containment initiatives and procurement savings. Significant cost push was offset by rigorous cost control and the extraction of efficiencies across the value chain, resulting in a 5% increase in other operating expenses to R4 007 million for the year.

The Group gross profit margin, as a result, improved from 30.4% to 31.9%, whilst the operating profit margin (before items of a capital nature) expanded a further two percentage points to 11.5% during the year under review. Operating profit, before items of a capital nature, and adjusted as per above, increased by 28% to R2 153 million (2014: R1 680 million).

Profit before tax amounted to R1 766 million (2014: R1 400 million) after financing costs of R142 million (2014: R138 million) and income from joint ventures and associates of R71 million (2014: R70 million). Bokomo Namibia, Bokomo Botswana and Bowman Ingredients SA delivered solid results, whilst Heinz recovered from supply chain difficulties in the first half.

Adjusted headline earnings per share from continuing operations, before the Phase I B-BBEE share-based payment charge, increased by 30% to 832 cents per share (2014: 637 cents per share).

Earnings from continuing operations, on an adjusted basis, increased by 34% to 831 cents per share (2014: 619 cents per share).

Essential Foods

Essential Foods delivered exceptional results in a low growth and contested environment, whilst successfully navigating challenging soft commodity procurement vagaries. The first half delivered strong maize volumes which came under pressure in the second half due to exponential cost push inflation. Bakeries continued to make progressive strides in expanding its operating margin through the relentless focus on key value drivers underpinning the strategy. A turnaround in rice profitability was achieved due to a strong increase in volumes and efficiencies. Pasta continued to contribute positively. Essential Foods recorded a 31% increase in operating profit for the year to R1.3 billion, while operating margin improved from 9.2% to 11.3%.

Groceries

The Groceries division successfully exited both biscuits and Pepsi whilst achieving excellent growth in wheat biscuits, cornflakes and long life juice. The smaller brands underperformed, requiring increased attention. Groceries recorded a 26% increase in operating profit for the year to R435 million, while operating margin improved from 7.2% to 9.1%.

International

The newly divisionalised International business contributed 14% of total revenue and grew well ahead of the local market, bolstered by favourable international supply and demand dynamics in fruit exports in the second half. International recorded a 22% increase in operating profit for the year to R444 million, while operating margin improved from 16.0% to 17.0%.

Total Group Earnings

The strong underlying financial performance of the Group has, however, been impacted by the effect of the 6 October 2014 unbundling of Quantum Foods, discontinued operations and the impact of the 2006 Phase I B-BBEE share-based payment charge.

Total Group headline earnings per share, on an adjusted basis, increased by 23% to 832 cents per share (2014: 678 cents per share).

Earnings for the Group in total, on an adjusted basis, increased by 28% to 807 cents per share (2014: 629 cents per share).

The impact of the non-operational costs related to the Phase I B-BBEE transaction

The 2006 Phase 1 B-BBEE transaction, benefiting more than 11 000 employees, is a cash-settled scheme. The number of participants, since inception, has declined to 2 579 as at 30 September 2015 (2014: 3 218), as a result of general staff turnover and the exit of Quantum Foods' employees. The pre-tax value paid to such beneficiaries amounts to R374 million since its inception in 2006. The outstanding obligation is remeasured to fair value taking into account the Pioneer Foods share price at each reporting date. For the year under review the share price increased by 66% from R118.00 to R195.76, resulting in a charge of R307 million. In 2014 the share price increased by 35%, from R87.50 to R118.00, resulting in a charge of R187 million.

Quantum Foods unbundling

Quantum Foods was unbundled on 6 October 2014. During the year under review, a loss on the disposal of treasury related Quantum Foods shares and impairments in respect of Quantum Foods shares held by the 2012 Phase II B-BBEE consolidated special purpose vehicles, were recognised.

Financial position

Net cash from operating activities amounting to R2 512 million (2014: R2 134 million) improved 18% on the prior year. Working capital investment for the year under review increased to 14.0% of revenue (2014: 11.5%). The increase was due to the timing of the payment for raw material imports and significant maize price inflation. Working capital continues to be managed optimally.

Capital expenditure investment for the year amounted to R652 million (2014: R486 million) and included R170 million in capital commitments carried forward from the previous financial year.

Significant projects undertaken during the year included the Epping bakery and the completion of the Malmesbury Mill upgrades. The balance of the capital expenditure included general asset care including a R218 million investment in the bakery fleet. Proceeds on the sale of property, plant and equipment of R176 million (2014: R56 million) included the disposal proceeds in respect of the old bakery fleet and the biscuit and Pepsi lines. The Board committed to the expansions of the Aeroton bakery in Gauteng and the Atlantis Weetbix plant. These are the major components of the R492 million in capital commitments carried forward to the 2016 financial year.

The strong financial performance, and prudent approach to capital expenditure investment, translated into a marked improvement in the return on net assets at a Group and segmental level.

Net interest-bearing debt, excluding third-party debt related to the Phase II B-BBEE transaction partners, decreased by R263 million to a net positive position of R97 million or a net debt to equity ratio of -1% (2014: 3%). The Group's net debt to EBITDA ratio, on an adjusted basis, is -4% (2014: 8%).

On 1 October 2015, all conditions precedent for the disposal of the Group's interest in Maitland Vinegar Works (Pty) Ltd were met. At 30 September 2015, the assets and liabilities relating to this interest have been presented as assets held for sale.

As announced on SENS on 23 April 2015, Pioneer Foods entered into an agreement to acquire 50% in Future Life Health Products (Pty) Ltd. On 9 November 2015 the Competition Tribunal of South Africa granted conditional approval of this transaction. The conditions will have no negative impact on the commercial merits of this investment.

Prospects

We are pleased with the quality of earnings and the strategic progress achieved to date. The low growth and competitive environment, exacerbated by cost push due to rand weakness and drought conditions, will place significant pressure on volumes and margins. Pioneer Foods will continue to optimise its position amidst these challenges.

Dividend

A gross final dividend of 237 cents (2014: 156 cents) per share has been approved and declared by the Board for the year ended 30 September 2015 from income reserves. The applicable dates for the final dividend are as follows:

Last date of trading cum dividend	Friday, 22 January 2016
Trading ex dividend commences	Monday, 25 January 2016
Record date	Friday, 29 January 2016
Dividend payable	Monday, 1 February 2016

The total dividend for the year under review, increased to 332 cents per share, an increase of 50% on the prior year.

A gross final dividend of 71.10 cents (2014: 46.80 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 2016.

Share certificates may not be dematerialised or materialised between Monday, 25 January 2016, and Friday, 29 January 2016, both days inclusive.

By order of the Board

ZL Combi
Chairman

PM Roux
Chief Executive Officer

Bellville
19 November 2015

ANNEXURE 2

Shareholder analysis

GROUP

Shareholder spread

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Ordinary shares				
Individuals	**4 157**	**72.6**	**19 409 099**	**8.3**
Nominees and trusts	**749**	**13.1**	**13 142 533**	**5.6**
Investment companies and corporate bodies	**819**	**14.3**	**200 187 699**	**86.1**
	5 725	**100.0**	**232 739 331**	**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 2015, is as follows:				
Analysis of shareholding – ordinary shares				
Public shareholding				
Major shareholders				
Government Employees Pension Fund	**1**	**–**	**25 442 450**	**10.9**
Ryla 21 (Pty) Ltd (formerly Thembeka Capital Ltd) (Note 1)	**1**	**–**	**9 326 640**	**4.0**
Other shareholders	**5 713**	**99.9**	**109 787 699**	**47.3**
	5 715	**99.9**	**144 556 789**	**62.2**
Non-public shareholding				
Major shareholders				
Zeder Investments Ltd (Note 2)	**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**
Pioneer Foods Share Incentive Trust	**1**	**–**	**729 612**	**0.3**
Directors (including subsidiary directors)	**6**	**0.1**	**474 736**	**0.2**
	10	**0.1**	**88 182 542**	**37.8**
	5 725	**100.0**	**232 739 331**	**100.0**
Distribution of ordinary shareholders				
Number of shares				
1 – 1 000 shares	**3 126**	**54.6**	**954 829**	**0.4**
1 001 – 10 000 shares	**1 695**	**29.6**	**6 358 274**	**2.7**
10 001 – 50 000 shares	**612**	**10.7**	**13 855 331**	**6.0**
50 001 – 100 000 shares	**114**	**2.0**	**8 295 215**	**3.6**
100 001 – 500 000 shares	**135**	**2.4**	**27 377 178**	**11.8**
500 001 shares and over	**43**	**0.7**	**175 898 504**	**75.5**
	5 725	**100.0**	**232 739 331**	**100.0**

Note 1
This entity resulted from the unbundling of Thembeka Capital Ltd during December 2014.

Note 2
The ultimate holding company, after the Agri Voedsel transaction was approved in September 2014 and finally implemented in October 2014.

ANNEXURE 3

Directors' Profiles

NS (Nonhlanhla) Mjoli-Mncube (56)

Independent non-executive director

MA (City and Regional Planning), Executive leadership qualifications (Harvard and Wharton universities, USA), postgraduate certificate in 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 held executive positions in construction, housing, finance and policy. She is also a recipient of the SABC Businesswoman of the Year Award and currently manages her own construction company.

ZL (KK) Combi (63)

Independent non-executive director

Diploma in Public Relations

Mr Combi was the executive chairman of Thembeka Capital Ltd. He holds a diploma in public relations and was awarded the Ernst & Young 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, including PSG Group, IQuad Group and JSE Ltd, as well as the Absa Bank Advisory Committee (Western Cape).

MM (Thys) du Toit (56)

Non-executive director

BSc, MBA

Mr du Toit has been actively involved in financial and investment markets for 29 years. He was a founding member of Coronation Fund Managers and CEO for 10 years. Mr du Toit currently runs Rootstock Investment Management and is a director of companies, three of which are listed on the JSE.

NW (Norman) Thomson (64)

Independent non-executive director

BCom (Hons), CA(SA)

Mr Thomson served as group finance director of Woolworths from 2001 until 2013. He currently serves as a director on the boards of Country Road in Australia and is chairman of the Woolworths group subsidiaries in Kenya, Tanzania, Uganda, Nigeria and Zambia. Mr Thomson holds a BCom degree from Rhodes University and is a qualified Chartered Accountant.

PJ (Piet) Mouton (39)

Non-executive director

B.Com (Maths)

Mr Mouton is the chief executive officer of the PSG Group. He currently serves as a director on the boards of various PSG Group companies, including Curro Holdings, PSG Konsult, Zeder Investments and Capitec Bank. Mr Mouton holds a BCom (Maths) degree from Stellenbosch University.

SS (Sango) Ntsaluba (55)

Independent non-executive director

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

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 and Ubank. Mr Ntsaluba holds a BCompt (Hons) degree from the University of South Africa and is a qualified Chartered Accountant (South Africa).

AH (Andile) Sangqu (49)

Independent Non-executive director

BCom (Acc), BCompt (Hons), CTA, Higher Dipl Tax, MBL

Drawing on 14 years of financial management experience at some of South Africa's revered corporations, Mr Sangqu has garnered a deep understanding of the commercial market and business landscape. He has completed an Executive Development Programme (EDP) at Wits University as well a Master's Degree in Business Leadership at Unisa's Graduate School of Business Leadership (SBL) in 2001. He has completed a High Performance Board (HPB) program at IMD Lausanne campus in Switzerland in October 2013.Mr Sangqu served as deputy director-general (Finance and Corporate Services) of the National Department of Public Works, as well as being the former chief executive officer of Prodigy-Coris Asset Management and managing director of Budget Foods (Pty) Ltd. He currently serves as Executive Head of Anglo American South Africa.

LP (Lambert) Retief (63)

Independent Non-executive director

B Comm Hons CA(SA), OPM (HBS)

Mr Retief is a qualified CA(SA) and is a former director of Naspers, Media24 and Zeder Investments. He is the chairperson and former chief executive officer of Novus Holdings.

ANNEXURE 4

Remuneration principles and policy

Introduction

The remuneration report largely addresses the principles and policies affecting the CEO, Group Executive management, and senior management of the organisation. This stakeholder group has a clear line of sight of the key strategic themes of Pioneer Foods that drives the twin objectives of:

- strengthening the brands; and
- expanding the margins.

The alignment of strategic focus, execution, and reward of this team is essential to the overall performance of the group.

Group strategy alignment

Alignment of Pioneer Foods strategic direction, specific value drivers and the remuneration of the CEO, Group Executive management and senior management members is ensured by the Human Capital Committee (HCC).

The total remuneration approach is reviewed by the HCC frequently to ensure the relative percentage of guaranteed and variable pay is market related and supportive of the strategic objectives. To this end, total remuneration incorporates elements of guaranteed and performance incentive pay; focused on retaining talent and rewarding the achievement of both short and long term objectives. This is expressed, as follows:

- Annual review of guaranteed pay taking into account factors such as CPI, industry performance, business performance and affordability. Benchmarks are conducted by job family to ensure the retention of scarce skills. Higher increases can be given to high performing individuals, based on performance feedback. Annual review of guaranteed pay is effective 1 January.
- Payments of short term incentives (STI's) are based on a percentage of guaranteed pay and dependent on the achievement of agreed specific hurdle rates; triggering at an entry target point, and capped at an agreed stretch targeted point. STI payments are made annually on 15 December after confirmation of the financial results for year ending 30 September.
- Long term incentives (LTIs), in the form of share appreciation rights (SARs), are allocated annually. Vesting takes place in years 3, 4 and 5 after allocation and 50 percent of the vesting thereof is time dependant and 50 percent performance dependant. Specific hurdle rates must be achieved for vesting on the performance based allocation. If performance conditions for any specific period are not met, the relevant SAR allocation is forfeited.

CEO, Executive Team, and Senior Management Remuneration

The remuneration mix of the CEO, Group Executive Management, and senior management is differentiated to attract, retain, and reward exceptional talent. These elements are explained in more detail below

Guaranteed remuneration

The company applies a Total Guaranteed Package (TGP) structure to guaranteed remuneration. The strategy is that the company will strive to pay on average at the median for all positions. Jobs with the same grade can earn different amounts as determined by market factors, such as shortage of skills which can result in a premium being paid for those skills in short supply. TGP structuring rules include the following:

- Membership of Group Retirement Fund is compulsory
- Membership of medical aid is voluntary
- Travel allowance in accordance with the South African Revenue Services regulations, where applicable

TGP Surveys/Benchmarking

The company will from time to time use external benchmarking and survey data as is deemed necessary. The organisation will select appropriate peer organisations for benchmarking based upon: industry, organisation size, specific job that is being benchmarked (some roles are industry specific whereas other roles are generic to business) and any other parameters that are considered valid. As a rule, the benchmarking will be by job family.

Variable remuneration

Variable Remuneration refers to the STI and LTI schemes.

STI

The STI is based on two elements of performance measurement:

- Growth in Headline Earnings before tax (HEBT) for Group performance and Operating profit (EBIT) for Divisional performance (weighted 40% Executives/ 35% other participants). The growth calculation will be based on an audited and agreed comparative base for the previous financial year.

- Growth in Economic Profit (EP) for Group and Divisional performance respectively (weighted 40% Executives/ 35% other participants). For the EP calculation, applicable EBIT will be tax adjusted and compared to the Group's weighted average cost of capital (WACC) for the year as applied to the average net asset base of the Group or the relevant division. For the International business unit, a notional balance sheet has been agreed upon and will be used to calculate the relevant EP.
- Three specific goals (weighted 20% Executives/ 30% other participants)- market share and volume (10%), employment equity (5%), employee engagement (5%), and individual specific performance targets (10%).
- Executive Committee members' (Exec) 20% includes: Market Share (10%), Employment Equity (5%), and Employee Engagement (5%).

The bonus payment is dependent on the following hurdle rates:

- For HEBT or EBIT growth element: CPI plus GDP growth %
  - CPI: 12 month average to August 2016
  - GDP: 12 month average to June 2016
- For EP element the hurdle is growth on the previous year's EP
- For specific goals, as annually determined and communicated.

A maximum bonus pool (cap) will be calculated as a percentage of economic profit and growth in economic profit annually to govern the total amount of STI payments. A key principle is that if there is no growth in EP, no bonus is payable and the pool is zero.

Depending on seniority, payment at achieving the entry target point (based on TGP) is between 0 and 20 percent, and payment is capped varying between 15 to 150 percent of TGP, on achieving the maximum hurdle rate. The STI for the 2015 FY had a range of CPI plus GDP up to 7%.

LTI

The HCC determines the share allocation to qualifying managers annually for the SAR scheme. Multiples of TGP determine the annual allocation of SARs to qualifying employees varying between 1 and 9 times of TGP. In determining the annual top up calculations, the unvested value allocated in the past will be taken into account. No qualifying employee can be allocated more than 1 million ordinary shares cumulatively, once converted.

Vesting conditions of the SARs:

- Compounded Average Growth (CAGR) in Headline Earnings per Share (HEPS) of CPI plus 1 percent real growth will trigger vesting of 1/3 of the allocation at 3rd, 4th, and 5th anniversary dates of allocation.
- 100 percent vesting will be achieved at CAGR growth of CPI plus 5 percent real growth for each relevant period.

The time allowed to exercise the SAR's will be 6 months after each and every respective vesting date. If performance vesting conditions are not met at vesting date, the relevant SAR allocation is forfeited.

The total value of ordinary shares that may be transferred to employees under the SAR is limited to 14.5 million shares and represented approximately 7.5 percent of the issued ordinary shares at the date of approval of the scheme by shareholders granted in 2006.

An additional allocation was made to senior black management in February 2013 and any exercise of these allocations will only be possible after 5 years of the date of allocation. Depending on seniority, the cumulative value of these additional allocations varies between 75 and 100 percent of a year's TGP.

Group benefits

The company has benefit schemes that everyone qualifies for participation in. These are:

- provident and retirement scheme – membership is compulsory for permanent employees;
- insured risk benefits: minimum cover of 1 times TGP up to 4 times (provident fund) or 7 times (retirement fund), by choice of the member; and
- medical aid scheme – membership is not compulsory.

Other remuneration points

Average notice period for CEO, Group Executive Management, and Senior Management is three months.

Non-executive directors

The over-riding principle governing payments to directors is that they will be made in the context of good governance. The amounts will be determined by the Human Capital Committee and approved by the Board.

Non-executive remuneration will primarily be based on a market related fee and attendance of directors.

Where appropriate, independent benchmark advice will be sought as to levels of remuneration for non-executive directors.

If required the directors may be requested to perform work outside of their standard duties, which standard duties would include Annual General Meeting and annual/interim results presentations, and for this they will be reimbursed based upon the time spent and their level of expertise.

The fees paid to different roles such as chairman may vary from the fees paid to other non-executive directors.

Non-executive directors will not participate in any share based incentive scheme or any other incentive scheme that the group may implement, to avoid any potential conflict of interest.

ANNEXURE 5

Going concern statement

The Audit and Risk Committee ("the committee") considered and reviewed management's short- to medium-term plan and associated projections and satisfied itself of the going concern status of the Group. Based on the committee's recommendation, the Board's statement regarding the going concern status of the Group is included in the directors' responsibility report in the Group annual financial statements.

ANNEXURE 6

Directors' responsibility

In accordance with the requirements of the Companies Act, Act 71 of 2008, as amended, the Board of directors ("the Board") is responsible for the preparation of the annual financial statements and the consolidated annual financial statements of Pioneer Food Group Ltd ("Pioneer Foods") which conform to International Financial Reporting Standards ("IFRS") and which 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 that period. The Board is also responsible for the information other than that of the annual statutory financial statements that are included in the annual integrated report for both its accuracy and its 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 responsible for the internal control processes. Management enables the Board to meet its responsibilities in this regard. 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 the 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, the Board is of the opinion that the accounting controls are sufficient 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 up to the date of this report, nothing has come to the Board's attention that indicates or implies a breakdown in the functioning of these 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 in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

The annual financial statements, which appear in the Integrated Report, were approved by the Board on 19 November 2015 and are herewith signed on its behalf by:

ZL Combi
Chairman

PM Roux
Chief Executive Officer

ANNEXURE 7

Directors' interest in shares

As at 30 September 2015 the aggregate of the direct and beneficial interest of directors was 0.20% (2014: 0.38%) of the issued share capital of the Company. Indirect interest through listed public companies have 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 report there were no changes in the interest of directors.

GROUP	Number of shares#			% of issued ordinary share capital
	Direct	Indirect•	Total	
The direct and indirect interests of the directors in the issued share capital of the Company are reflected in the table below:				
30 September 2015				
PM Roux	**14 000**	**–**	**14 000**	**–**
CJ Hess (1 March 2015)*	**–**	**–**	**–**	**–**
LR Cronjé (28 February 2015)**	**–**	**–**	**–**	**–**
ZL Combi	**–**	**172 295**	**172 295**	**0.07**
N Celliers	**–**	**–**	**–**	**–**
MM du Toit	**–**	**–**	**–**	**–**
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**
LP Retief	**–**	**–**	**–**	**–**
AH Sangqu	**–**	**86 147**	**86 147**	**0.04**
	14 000	**460 736**	**474 736**	**0.20**
30 September 2014				
PM Roux	9 631	–	9 631	–
LR Cronjé	345 000	55 000	400 000	0.17
ZL Combi	–	172 295	172 295	0.08
N Celliers	–	–	–	–
MM du Toit	–	–	–	–
AE Jacobs (13 February 2014)***	–	–	–	–
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
LP Retief	–	–	–	–
AH Sangqu	–	86 147	86 147	0.04
	354 631	515 736	870 367	0.38

Notes

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

ANNEXURE 8

Share capital

GROUP	2015 R'000	2014 R'000
Authorised – ordinary shares of 10 cents each		
400,000,000 (2014: 400,000,000) ordinary shares	**40 000**	40 000
Authorised – class A ordinary shares of 10 cents each		
18,130,000 (2014: 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: 231,691,881 (2014: 231,006,847) ordinary shares	**23 170**	23 101
Issued to management in terms of share appreciation rights scheme: 1,047,450 (2014: 685,034) ordinary shares	**105**	69
At end of year: 232,739,331 (2014: 231,691,881) ordinary shares	**23 275**	23 170

Shares issued in terms of share appreciation rights scheme

During the year the Company issued 1,047,450 (2014: 685,034) ordinary shares of 10 cents each at an average of R167.71 (2014: R97.47) 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.

The BEE Trust acquired a further 145,362 listed ordinary shares of 10 cents at an average of R157.82 per share during the year.

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.

	2015 R'000	2014 R'000
Treasury shares of 10 cents each – nominal value		
Treasury shares held by management share incentive trust		
At beginning of year: 1,110,213 (2014: 1,422,116) ordinary shares	**111**	142
Net treasury shares sold: 380,601 (2014: 311,903) ordinary shares	**(38)**	(31)
At end of year: 729,612 (2014: 1,110,213) ordinary shares	**73**	111

GROUP

	2015 R'000	2014 R'000
Share capital (continued)		
Treasury shares of 10 cents each – nominal value (continued)		
Treasury shares held by B-BBEE equity transaction participants		
At beginning and at end of year: 18,091,661 (2014: 18,091,661) ordinary shares	**1 809**	1 809
Treasury shares held by Pioneer Foods Broad-Based BEE Trust		
At beginning of year: 10,599,988 (2014: 10,599,988) ordinary shares	**1 060**	1 060
145,362 (2014: Nil) ordinary shares acquired during the year	**15**	-
At end of year: 10,745,350 (2014: 10,599,988) ordinary shares	**1 075**	1 060
During the year the Trust acquired 145,362 further ordinary shares for an amount of R22,940,476.		
Treasury shares held by subsidiary		
At beginning and at end of year: 17,982,056 (2014: 17,982,056) ordinary shares	**1 798**	1 798
Total treasury shares – nominal value		
At beginning of year	**4 778**	4 809
Ordinary shares bought by Pioneer Foods Broad-Based BEE Trust during the year	**15**	-
Ordinary shares sold by management share incentive trust (at strike price)	**(38)**	(31)
At end of year	**4 755**	4 778
Net listed ordinary share capital – nominal value		
Total issued and fully paid ordinary shares	**23 275**	23 170
Treasury shares held by management share incentive trust	**(73)**	(111)
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)**	(1 060)
Treasury shares held by subsidiary	**(1 798)**	(1 798)
	18 520	18 392
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.		
Treasury shares – carrying amount		
Consist of:		
Treasury shares held by management share incentive trust	**17 740**	23 036
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**	1 060
Treasury shares held by subsidiary	**163 113**	163 113
	1 204 141	1 186 497
Issued and fully paid – unlisted class A ordinary shares of 10 cents each held by employee share scheme trust		
At beginning of year: 6,043,940 (2014: 7,367,360) class A ordinary shares	**605**	737
Bought back and cancelled: 1,809,640 (2014: 1,323,420) class A ordinary shares	**(181)**	(132)
At end of year: 4,234,300 (2014: 6,043,940) class A ordinary shares held by employee share scheme trust	**424**	605

During the year the Company issued Nil (2014: Nil) class A ordinary shares.

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

ANNEXURE 9

Social and Ethics Committee AGM Report

Social and Ethics Committee AGM Report

The Social and Ethics Committee (SEC) was formed in May 2012 in accordance with the Companies Act, 71 of 2008, as amended ("the Companies Act"). The SEC, comprises of 3 permanent members being two non-executive directors, Prof ASM Karaan (Chairman), Mr Norman Celliers and Mr Pieter Burger, Group Executive: Supply Chain. The Group CEO, Mr Phil Roux, Ms Jay-Ann Jacobs, Group Executive: Legal Services and Company Secretary and Mr Nico Moloto, Manager: CSI & ESD are permanent invitees at all committee meetings. Various other disciplines across the Group are also represented at requisite meetings.

The SEC's role is to monitor sustainable development performance of the Company, specifically relating to:

- stakeholder engagement and reporting;
- health and public safety, which includes occupational health and safety as well as the clinical quality of the Company's services;
- broad-based black economic empowerment;
- labour relations and working conditions;
- training and skills development of our employees;
- management of the Company's environmental impacts;
- ethics and compliance; and
- corporate social investment.

The SEC is also required to report through one of its members to the Company's shareholders on the matters within its mandate at the Company's annual general meeting. Shareholders will be referred to this report by the SEC, read with the Sustainability section of the Integrated Report, at the Company's annual general meeting on 12 February 2016. Any specific questions to the SEC may be sent to the Company Secretary at least 48 hours prior to the annual general meeting.

1. SUSTAINABILITY REPORTING

Energy optimisation

Energy Partners was appointed in July 2014 to further identify and project manage energy optimisation initiatives. As at September 2015 a saving of R11.7 million had been realised. This was achieved through projects ranging from tariff switching to optimisation of onsite steam boilers. Engagements with other service providers including the National Cleaner Production Centre (NCPC) for energy solutions were also noted during the course of the year.

During the course of the year the following reports were presented to the SEC and noted: Energy, Water Consumption, Safety and Health; CDP reporting (Carbon and Water); Energy optimisation projects (Energy Partners). For the second concurrent year, external assurance of the non-financial information was provided by EY Africa.

The MWh of energy (electricity and steam) consumed per ton of production output has decreased by 1% year on year.

Water optimisation

The SEC has noted that an RFP process is currently underway to source a service provider/s to assist Pioneer Foods in identifying potential efficiency improvements in non-production water and wastewater. This includes water cost and consumption reduction opportunity analysis (including recycling), project management and financing (where applicable) etc.

Water consumption (cubic meters per ton of production output) has decreased by 4% in 2015.

2. TRANSFORMATION

B-BBEE SCORECARD

The Company remains a Level 4 on the AgriBEE Scorecard. The Revised Codes of Good Practice came into effect on 1 October 2015 and the group will be rated on this scorecard for the first time in 2016.

The 2015 results were boosted by the appointment of a black female executive director on the Management Control element as well as continued efforts in the Preferential Procurement and Skills Development elements. However, the loss of designated employees at senior management level is not overlooked and will be a focus area for improvement in 2016.

CSI

The Company is involved in various community projects in education, environment and food security. These projects focus on vulnerable groups such as women, youth and children primarily in township and rural communities. The School Breakfast Programme was a noteworthy project where 5,300 learners in primary schools were fed daily with various Pioneer Foods breakfast cereals during 2015. In total R13.5 million was spent in this area for the 2015 financial year.

Pioneer Foods Education And Community Trust (PFECT)

This year, PFECT launched the Mbekweni Youth Centre near Paarl. The project entailed the redevelopment and refurbishment of an old beer hall to offer facilities where local youth can socialise in a learning-orientated and supportive environment. PFECT will be the anchor funder for the center's future operational requirements estimated at between R2 million and R3 million per annum, and will seek to partner with other institutions for further funding. The programmes at Mbekweni Youth centre include improvement of academic performance, career guidance and counselling, health, sports and wellness and personal development (Life Skills).

PFECT continues to fund bursaries as well as various community and education related programmes.

3. STAKEHOLDER RELATIONS

The Company recognises that effective stakeholder engagement is the basis for good corporate governance and is committed to the stakeholder-inclusive approach recommended by King III. The Group's approach is guided by a stakeholder relations policy, which recognises that social, economic and environmental interests are integral to the success of the business.

The Group has strategically consolidated stakeholder engagement activities.

4. HUMAN RIGHTS

Pioneer Foods respects the human rights of employees, suppliers and everyone else it interacts with. Human rights requirements are included in the code of ethics and all suppliers are expected to ensure they are not implicit in any form of human rights abuse and that they support, respect and protect internationally proclaimed human rights.

The Company's procurement policy contains a section that covers this important aspect and the expected behaviour of suppliers. The Company endeavors to monitor supplier operations for ethical practices. There were no incidents of human rights violations, child labour, or forced or compulsory labour that were brought to the Company's attention during the year.

5. ETHICS MANAGEMENT

The Company subscribes to the highest ethical standards of business practices. During the year, the Company reviewed its corporate values and the code of ethics ("the code"), which was subsequently amended to ensure the content aligns with the Company's new business model and the dti's Business Practice Guidelines.

It is a requirement that all Pioneer Foods employees and directors display integrity, honesty, mutual respect and openness when conducting business. This includes affording employees the right and obligation to challenge others who are not adhering to these values while conducting themselves in manner that is beyond reproach.

The code guides the Company's policy with respect to the declaration of potential conflicts of interest, bribery, fraud, fair competition, corruption, theft, conspiracy, diversity and transformation, ethical purchasing practices, harassment and intimidation, human rights, fairness in the workplace, safeguarding the health and safety of employees, acceptance of gifts from third parties, fair dealing as well as the protection and proper use of company assets.

The outcome of the various independent and internal risk assessments that were conducted resulted in shaping the business's approach and implementing initiatives aimed at addressing challenges and/or shortcomings identified. Training and creating awareness were key focus areas. Representatives across the business from the HR community were identified and assigned as ethics champions, assisting management to ensure that ethics management, as a business practice, is embedded across the Company. Furthermore, themed monthly awareness campaigns were delivered through the internal portal, screensavers, and at premises, as well as a modular ethics training programme via the SAP Productivity Tool. The ethics programme was approved and is monitored by both the social and ethics and the audit and risk committees of the Board.

The SEC was tasked with overseeing the implementation of this process, whereas the Company's audit and risk committee is responsible for ensuring the consistent risk-based application and adherence to the code.

Employees found guilty of ethical breaches are disciplined in accordance with the Company's disciplinary code. However, should the breach be criminal, the Company pursues prosecution of the employee concerned.

As per the obligatory requirements outlined in section 159(7) of the Companies Act, Pioneer Foods has a whistle-blowing policy, which is reviewed annually. Together with the Company's Tip-offs Anonymous Hotline that is managed by an external service provider, the whistle-blowing policy was established not only for the purposes of bona fide disclosures made by employees, but also for a broader stakeholder base including suppliers and customers.

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