Quantum Foods Holdings Ltd
Incorporated in the Republic of South Africa
Registration number: 2013/208598/06
Tax registration number: 9095455193
Share code: QFH
ISIN code: ZAE000193686
("Quantum Foods" or "the Group" or "the Company")

Summary consolidated financial statements

for the year ended 30 September 2016

Salient features

	2016	2015
Revenue	**R3 913 million**	R3 468 million
Operating profit	**R124 million**	R164 million
Operating profit (before tax and items of a capital nature)*	**R89 million**	R162 million
Headline earnings	**R66 million**	R126 million
Earnings per share	**39 cents**	54 cents
Headline earnings per share	**28 cents**	54 cents
Final dividend per share	**6 cents**	10 cents

* *Income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of headline earnings per share. The principal items excluded under this measurement are profits or losses on disposal of property, plant and equipment.*

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COMMENTARY

INTRODUCTION

The past financial year was very challenging for the poultry industry. Dramatic increases in raw material costs due to a combination of the continued drought in South Africa and a volatile rand, as well as a strained consumer environment, created unfavourable trading conditions. Similar headwinds also impacted operations in the rest of Africa.

Quantum Foods showed resilience and weathered these conditions on the back of proactive business model changes in the past few years. This mitigated against market risk in the South African broiler industry. However, the egg business in South Africa and operations in other African countries were severely affected and resulted in the Group reporting a weaker financial performance.

FINANCIAL OVERVIEW

Group revenue increased by 12.8% to R3.9 billion, with an increase of R463.7 million (14.1%) in South African operations and a decrease of R18.9 million (10.5%) in other African operations. Revenue from other African operations contributed 4.1% of Group revenue for 2016 (2015: 5.2%) and the decrease in rand terms is due to translation at weaker foreign currency exchange rates.

Revenue from South African operations:

- Increased by R320.9 million for the feed segment, mostly due to increased selling prices in response to higher raw material costs and the acquisition of the Olifantskop feed mill in February 2016.
- Increased by R100.2 million for the farming segment, mostly due to increased volumes and prices of live broilers and point-of-lay hens sold.
- Increased by R42.6 million for the eggs segment where an average price increase of 8.1% was achieved.

Cost of sales increased by 12.6% to R3.2 billion. Cost of sales includes the biological assets (livestock) and agricultural produce (eggs) fair value adjustments that were realised and included in other gains and losses in the statement of comprehensive income. These fair value adjustments for the year ended 30 September 2016 amounted to R145.1 million (2015: R238.0 million). Gross profit, excluding these fair value adjustments, decreased by R8.3 million, resulting in a gross profit margin of 21.3% compared to 24.3% in 2015.

Cash operating expenses increased by 6.8% in 2016. The decrease in operating expenses due to the sale of the Hartbeespoort abattoir was however offset by additional expenditure at the Sterkstroom layer-rearing facility rented from October 2015, the Olifantskop feed mill, the pasteurised eggs (Safe Eggs) business acquired in April 2015 and the Stutterheim egg layer farm and pack station rented from May 2015. Included in other gains/(losses) is a foreign exchange loss of R15.9 million compared to a profit of R3.9 million in the previous year, mostly due to rand vs US dollar currency fluctuations.

Operating profit, before items of a capital nature, decreased by R73.2 million from the profit of R162.5 million in 2015. The South African operations recorded a decrease of R37.5 million to a profit of R106.7 million at a margin of 2.8% (2015: 4.4%). Feeds and Farming improved by R7.0 million and R14.0 million respectively, while Eggs reported a loss of R26.9 million compared to a profit of R31.7 million in 2015. The other African operations recorded a decline of R25.5 million to report a loss of R0.2 million.

Headline earnings per share ("HEPS") decreased to 28 cents from the 54 cents per share of 2015.

Cash generated from operating activities amounted to an outflow of R42.1 million in 2016. This includes an additional investment in working capital of R173.6 million. Capital expenditure for the year amounted to R167.0 million, R58.2 million of which was incurred on the table egg expansion projects in Zambia and Uganda, R43.6 million on the acquisition of the Olifantskop feed mill and R24.6 million on the acquisition of the Galovos table egg business in Mozambique.

The Group had minimal borrowings at 30 September 2016 comprising an arrangement to purchase electricity from solar panels capitalised as a finance lease in terms of IFRS.

Cash and cash equivalents decreased from R187.5 million to R79.5 million and the Group has declared a dividend of 6 cents per share, at a HEPS cover of 4.7.

The Group's net asset value ("NAV") of R1 596 million at 30 September 2016 translates to a NAV per share of R6.89 based on the number of shares in issue at that date.

During the year, Quantum Foods repurchased and cancelled 1 445 274 shares.

OPERATIONAL OVERVIEW

The Nova Feeds business performed well. Volumes from the historical footprint (excluding Olifantskop Feeds) were maintained despite tough industry conditions. The financial performance and volumes produced by the Olifantskop feed mill, acquired in February 2016, were in line with expectations. The additional volumes from this mill for the first time resulted in feed sales to external customers exceeding feed consumed by the internal farming operations.

During the year, the broiler and layer farming operations were restructured into one division, which increased the focus on farming efficiencies. In the layer farming operations, disease had an adverse effect on production volumes and efficiencies, negatively impacting financial performance. Layer livestock volumes increased, but increased production costs could not be recovered from the market, resulting in margin compression. Following the sale of the Hartbeespoort abattoir to Sovereign Foods and the implementation of a supply agreement for live broilers, Quantum Foods is now positioned as a livestock farming business within the broiler supply chain. The production performances of the broiler breeder and commercial broiler farms remained world class. Financial results met expectations as the business assumed production risk at a limited margin rather than facing market on top of production risk.

The performance of the egg business was unsatisfactory for the first six months. However, operational performance improved significantly during the second half of the year. This improvement can be attributed to two main factors: firstly, management and leadership capacity was strengthened by new appointments, and secondly, increased focus at executive level followed the consolidation of farming operations. Egg sales volumes declined due to lower production volumes caused by disease at some of the commercial egg farms. However, average selling prices increased by 8.1% due to an improved sales mix and lower supply of eggs to the market.

The performance of the other African businesses was disappointing. While operational performance was generally satisfactory, financial results were poor.

In Zambia, the combination of drought, exchange rate fluctuation, a commodity price slump, energy supply challenges and oversupply of day-old broiler chicks, created a difficult environment. On the positive side, Quantum Foods completed the expansion of the Mega Eggs operation in Zambia during the year. Looking ahead, this will result in increased volumes of eggs available for sale.

Uganda experienced high raw material prices that could not be transferred to the customer base, resulting in margin pressure. The new commercial egg farm in Masindi was completed and will be in full production by December 2016. This farm will enable the Group to participate in the table egg market in Uganda for the first time.

During September 2016, Quantum Foods acquired Galovos Eggs, the largest commercial egg producer in Mozambique. This acquisition provides the Group with an entry point into the Mozambique table egg market, and establishes a base for further expansion.

PROSPECTS

Protein consumption is largely driven by an increase in per capita income, as well as by higher levels of urbanisation. Although the latter continues in South Africa, per capita income declined in recent years. This is reflected in weakened consumer demand, and will continue to put pressure on the Group's profitability, particularly if there is no decrease in the cost of raw materials. To mitigate this risk, Quantum Foods will continue to focus on efficiencies in farms and factories. Optimal procurement of raw materials will remain a priority.

The focus created by combining broiler and layer farming at executive level has proven successful, and has enabled the egg business to concentrate on processing and commercial performance.

The feed business remains the backbone of Quantum Foods. We will continue to invest in organic and acquisitive growth opportunities as they arise. Africa faces a negative, medium-term outlook due to the slowdown in global commodity prices as well as the drought in Southern Africa. Despite this, we believe that this current situation will turn around and that the Group is well positioned to gain benefits from the recent investments in Zambia, Uganda and Mozambique. The Group will continue to consider opportunities on the African continent, focusing on the feed and egg value chains.

DIVIDEND

A gross dividend of 6 cents per share has been approved and declared by the Board for the year ended 30 September 2016 from income reserves. The applicable dates are as follows:

Last date of trading cum dividend	Tuesday, 7 February 2017
Trading ex dividend commences	Wednesday, 8 February 2017
Record date	Friday, 10 February 2017
Dividend payable	Monday, 13 February 2017

Share certificates may not be dematerialised or materialised between Wednesday, 8 February 2017 and Friday 10 February 2017, both days inclusive.

By order of the Board

WA Hanekom
Chairman

HA Lourens
Chief Executive Officer

24 November 2016

Summary consolidated statement of financial position

	Audited 30 September 2016 R'000	Audited 30 September 2015 R'000
ASSETS		
Non-current assets	**1 071 729**	945 625
Property, plant and equipment	**1 048 280**	923 322
Intangible assets	**15 559**	12 784
Investment in associate	**6 988**	6 731
Deferred income tax	**902**	2 788
Current assets	**1 194 300**	1 053 062
Inventories	**307 424**	234 566
Biological assets	**323 950**	288 775
Trade and other receivables	**481 480**	334 794
Derivative financial instruments	**–**	7 424
Current income tax	**1 935**	–
Cash and cash equivalents	**79 511**	187 503
Assets held for sale	**–**	83 399
Total assets	**2 266 029**	2 082 086
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent	**1 596 148**	1 514 567
Share capital	**1 581 402**	1 585 386
Other reserves	**(211 432)**	(228 968)
Retained earnings	**226 178**	158 149
Total equity	**1 596 148**	1 514 567
Non-current liabilities	**242 372**	220 747
Interest-bearing liability	**6 318**	–
Deferred income tax	**228 878**	214 258
Provisions for other liabilities and charges	**7 176**	6 489
Current liabilities	**427 509**	346 772
Trade and other payables	**417 172**	343 890
Derivative financial instruments	**4 224**	–
Current income tax	**6 029**	2 882
Interest-bearing liability	**84**	–
Total liabilities	**669 881**	567 519
Total equity and liabilities	**2 266 029**	2 082 086

Summary consolidated statement of comprehensive income

	Notes	Audited Year ended 30 September 2016 R'000	Audited Year ended 30 September 2015 R'000
Revenue		**3 913 078**	3 468 312
Cost of sales		**(3 224 202)**	(2 864 073)
Gross profit		**688 876**	604 239
Other income		**16 603**	11 639
Other gains/(losses) – net	3	**155 800**	238 482
Sales and distribution costs		**(194 904)**	(193 631)
Marketing costs		**(12 087)**	(11 287)
Administrative expenses		**(98 972)**	(96 168)
Other operating expenses		**(431 042)**	(389 212)
Operating profit		**124 274**	164 062
Investment income		**7 736**	9 886
Finance costs		**(922)**	(1 887)
Share of profit of associate company		**257**	619
Profit before income tax		**131 345**	172 680
Income tax expense		**(39 991)**	(45 764)
Profit for the year		**91 354**	126 916
Other comprehensive income for the year			
Items that may subsequently be reclassified to profit or loss:			
Fair value adjustments to cash flow hedging reserve		**(2 283)**	796
For the year		**4 737**	16 851
Deferred income tax effect		**47**	–
Current income tax effect		**(1 374)**	(4 718)
Realised to profit or loss		**(7 907)**	(15 747)
Deferred income tax effect		**–**	93
Current income tax effect		**2 214**	4 317
Movement on foreign currency translation reserve			
Currency translation differences		**25 026**	(75 513)
Total comprehensive income for the year		**114 097**	52 199
Profit for the year attributable to owners of the parent		**91 354**	126 916
Total comprehensive income for the year attributable to owners of the parent		**114 097**	52 199
Earnings per ordinary share (cents)	4	**39**	54
Diluted earnings per ordinary share (cents)	4	**39**	54

Summary consolidated statement of changes in equity

	Audited Year ended 30 September 2016 R'000	Audited Year ended 30 September 2015 R'000
Share capital	**1 581 402**	1 585 386
Opening balance	**1 585 386**	1 585 386
Shares repurchased and cancelled	**(3 984)**	–
Other reserves	**(211 432)**	(228 968)
Opening balance	**(228 968)**	(155 395)
Other comprehensive income for the year	**22 743**	(74 717)
Recognition of share-based payments	**2 492**	1 144
Adjustment to common control reserve *	**(7 699)**	–
Retained earnings	**226 178**	158 149
Opening balance	**158 149**	31 233
Profit for the year	**91 354**	126 916
Dividends paid – net	**(23 325)**	–
Total equity	**1 596 148**	1 514 567

* *Deferred tax on business combinations prior to unbundling from the previous holding company not previously recognised, adjusted against common control reserve.*

Summary consolidated statement of cash flows

	Note	Audited Year ended 30 September 2016 R'000	Audited Year ended 30 September 2015 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**(42 061)**	163 819
Net cash profit from operating activities		**164 250**	232 127
Working capital changes		**(173 622)**	(53 630)
Cash effect of hedging activities		**(3 002)**	1 104
Net cash (utilised in)/generated from operations		**(12 374)**	179 601
Income tax paid		**(29 687)**	(15 782)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(48 762)**	(62 031)
Additions to property, plant and equipment		**(98 759)**	(58 323)
Additions to intangible assets		**–**	(5 389)
Proceeds on disposal of property, plant and equipment		**122 080**	9 295
Business combinations	7	**(79 819)**	(17 500)
Interest received		**7 736**	9 886
Net cash (deficit)/surplus		**(90 823)**	101 788
NET CASH FLOW FROM FINANCING ACTIVITIES		**(27 668)**	(1 370)
Repayment of interest-bearing liability		**(46)**	–
Shares repurchased		**(3 984)**	–
Interest paid		**(371)**	(1 370)
Dividends paid to ordinary shareholders		**(23 267)**	–
Net (decrease)/increase in cash and cash equivalents		**(118 491)**	100 418
Effects of exchange rate changes		**10 499**	(18 436)
Net cash and cash equivalents at beginning of year		**187 503**	105 521
Net cash and cash equivalents at end of year		**79 511**	187 503

Summary consolidated segment report

	Audited Year ended 30 September 2016 R'000	Restated* Audited Year ended 30 September 2015 R'000
Segment revenue	**3 913 078**	3 468 312
Eggs	**1 005 221**	962 645
Farming	**1 326 746**	1 226 504
Animal feeds	**1 420 758**	1 099 905
Other African countries	**160 353**	179 258
Segment results	**124 274**	164 062
Eggs	**(26 590)**	32 406
Farming	**96 319**	47 871
Animal feeds	**71 891**	65 493
Other African countries	**(234)**	25 286
Head office costs	**(17 112)**	(6 994)
A reconciliation of the segment results to operating profit before income tax is provided below:		
Segment results	**124 274**	164 062
Adjusted for:		
Investment income	**7 736**	9 886
Finance costs	**(922)**	(1 887)
Share of profit of associate company	**257**	619
Profit before income tax per statement of comprehensive income	**131 345**	172 680
Items of a capital nature per segment included in other gains/(losses) – net		
Profit/(loss) on disposal of property, plant and equipment before income tax	**34 947**	1 580
Eggs	**291**	725
Farming	**35 297**	887
Animal feeds	**(641)**	(35)
Other African countries	**–**	3

The farming segment's profit on disposal of property, plant and equipment includes the profit on the sale of the Hartbeespoort abattoir, which was disclosed as an asset held for sale at 30 September 2015.

* *The comparative information has been restated to reflect the new reporting structure*

Summary consolidated segment report continued

	Audited 30 September 2016 R'000	Restated* Audited 30 September 2015 R'000
Segment assets	**2 176 693**	1 885 064
Eggs	**229 799**	218 054
Farming	**1 068 460**	1 087 162
Animal feeds	**538 981**	390 376
Other African countries	**304 894**	168 645
Head office costs	**34 559**	20 827
A reconciliation of the segments' assets to the Group's assets is provided below:		
Segment assets per segment report	**2 176 693**	1 885 064
Adjusted for:		
Investment in associate	**6 988**	6 731
Current and deferred income tax assets	**2 837**	2 788
Cash and cash equivalents	**79 511**	187 503
Total assets per statement of financial position	**2 266 029**	2 082 086
Total segment liabilities	**434 974**	350 379
Eggs	**50 991**	41 158
Farming	**94 827**	96 556
Animal feeds	**238 477**	150 890
Other African countries	**19 464**	18 686
Head office costs	**31 215**	43 089
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:		
Segment liabilities per segment report	**434 974**	350 379
Adjusted for:		
Current and deferred income tax liabilities	**234 907**	217 140
Total liabilities per statement of financial position	**669 881**	567 519

* *The comparative information has been restated to reflect the new reporting structure*

Summary consolidated segment report continued

As a result of the Group exiting the broiler meat market at the start of the reporting period and the change in the responsibilities of key management, the Group has updated the disclosure of the previously disclosed segments to align with information reviewed by the Group's CODM for the purposes of allocating resources.

Previously reported segments of Eggs and layer livestock and Broilers have been restated based on the revised operating segments of Eggs, Layer farming and Broiler farming. Animal feeds and Other African countries continue to be standalone segments as previously reported.

The Eggs business is the commercial egg business, which consist of the sale of ungraded eggs and the processing of eggs in the pack stations and distribution thereof, to the market. The Layer farming business includes the layer livestock and commercial layer farms.

The broiler farming and layer farming operating segments are aggregated for segment reporting. Both operations have similar risk profiles, being the production risk inherent to live bird farming. The exposure of these operations to market risk is very low.

Notes to the summary consolidated financial statements

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Ltd Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary results 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 Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated annual 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.

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

2. ACCOUNTING POLICIES

These summary consolidated financial statements incorporate accounting policies that are consistent with those applied in the Group's consolidated financial statements for the year ended 30 September 2016 and with those of previous financial years. The Group has not adopted any revised accounting standards for the first time for the financial year beginning on 1 October 2015.

	Audited Year ended 30 September 2016 R'000	Audited Year ended 30 September 2015 R'000
3. OTHER GAINS/(LOSSES) – NET		
Biological assets fair value adjustment	**50 293**	111 882
Unrealised – reflected in carrying amount of biological assets	**(7 303)**	(4 489)
Realised – reflected in cost of goods sold	**57 596**	116 371
Agricultural produce fair value adjustment	**86 475**	121 128
Unrealised – reflected in carrying amount of biological assets	**(1 012)**	(524)
Realised – reflected in cost of goods sold	**87 487**	121 652
Foreign exchange differences	**(6 212)**	4 000
Foreign exchange contract fair value adjustments	**(9 291)**	(108)
Foreign exchange contract cash flow hedging ineffective losses	**(412)**	–
Profit on disposal of property, plant and equipment	**34 947**	1 580
	155 800	238 482

	Audited Year ended 30 September 2016 R'000	Audited Year ended 30 September 2015 R'000
4. EARNINGS PER ORDINARY SHARE		
Basic and diluted		
The calculation of basic and diluted earnings per share is based on profit for the period attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year:		
Profit for the year	**91 354**	126 916
Headline earnings is calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.		
The Group has no dilutive potential ordinary shares.		
Reconciliation between profit for the period attributable to owners of the parent and headline earnings		
Profit for the year	**91 354**	126 916
Remeasurement of items of a capital nature		
Profit on disposal of property, plant and equipment	**(25 516)**	(1 000)
Gross	**(34 947)**	(1 580)
Tax effect	**9 431**	580
Headline earnings for the year	**65 838**	125 916
Weighted average number of ordinary shares in issue ('000)	**233 128**	233 249
Earnings per share (cents)		
Basic and diluted	**39**	54
Headline earnings per share (cents)		
Basic and diluted	**28**	54

	Audited 30 September 2016 R'000	Audited 30 September 2015 R'000
5. CONTINGENT LIABILITIES		
Guarantees in terms of loans by third parties to contracted service providers	**28 872**	42 300

Litigation

Dispute with egg contract producers

The remaining claim, as previously reported, has been settled. The settlement had no adverse financial impact on the Group.

Termination of contract

The Group received a summons in respect of early termination of a distribution contract. The matter will be defended in the High Court.

Management is of the view, based on legal advice regarding the merits of the claim against the Group, that the Group will not incur any material liability in this respect.

Customer claim

The Group received a summons in respect of a claim for performance of day-old pullets delivered to the customer. The matter will be defended in the High Court.

Management is of the view, based on legal advice regarding the merits of the claim against the Group, that the Group will not incur any material liability in this respect.

Allegations of anti-competitive trade practices – Zambia

The Group received a notice of investigation from the Zambian Competition and Consumer Protection Commission regarding alleged breach of the Competition and Consumer Protection Act. The investigation is currently still underway and no formal feedback has been received.

Management is of the view that the Group will not incur any material liability in this regard.

6. FUTURE CAPITAL COMMITMENTS

Capital expenditure approved by the Board and contracted for amounts to R12.4 million (2015: R49.0 million). Capital expenditure approved by the Board, but not yet contracted for, amounts to R156.6 million (2015: R113.0 million).

7. BUSINESS COMBINATIONS

During the year under review the following businesses were acquired and all assets and liabilities relating to these acquisitions have been accounted for on an acquisition basis:

	Audited Year ended 30 September 2016 R'000
Olifantskop Feed Mill (on 1 February 2016)	
Fair value	
Property, plant and equipment	37 857
Intangible assets	5 758
Inventory	6 844
Trade and other payables	(258)
Purchase consideration – settled in cash	50 201
Reason for business combination:	
To grow the external feeds sales volumes by entering into the Eastern Cape animal feed market.	
Contribution since acquisition:	
Revenue	157 738
Operating profit before finance cost and income tax	6 215
Pro forma contribution assuming the acquisition was at the beginning of the year:	
Revenue	236 607
Operating profit before finance cost and income tax	9 323
Galovos Egg business – Mozambique (on 19 September 2016)	
Fair Value	
Plant and equipment	24 600
Current biological assets	4 185
Inventory	913
Trade and other payables	(80)
Purchase consideration – settled in cash	29 618

Reason for business combination:

The Acquisition supports the strategic objective of Quantum Foods to expand into selected new markets in Africa. The business in Mozambique relates to the producing and selling of commercial eggs in the Mozambican market.

The operating results from this business combination has not been accounted for due to the effective date and the contribution of the transactions being minimal.

8. EVENTS AFTER THE REPORTING PERIOD

Dividend

A final dividend of 6 cents per ordinary share has been declared for the year ended 30 September 2016, on 22 November 2016. This will only be reflected in the statement of changes in equity in the next reporting period.

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 5.1 cents per ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 6.0 cents per ordinary share for shareholders exempt from paying dividends tax.

The number of issued ordinary shares is 231 803 316 as at the date of this declaration.

There have been no other events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of approval of the summary consolidated financial statements by the Board.

9. PREPARATION OF FINANCIAL STATEMENTS

The summary consolidated financial statements have been prepared under the supervision of AH Muller, CA(SA), Chief Financial Officer.

10. AUDIT

The summarised report is extracted from the audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

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

Directors: WA Hanekom (Chairman), PE Burton, GG Fortuin, Prof. ASM Karaan, N Celliers,
HA Lourens (CEO)*, AH Muller (CFO)*. (*Executive)

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