QUANTUM FOODS

Annual financial statements
for the year ended
30 September 2014

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QUANTUM FOODS HOLDINGS LTD

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DIRECTORS' RESPONSIBILITY

In accordance with the requirements of the Companies Act, the Board is responsible for the preparation of the annual financial statements and the consolidated annual financial statements of Quantum Foods Holdings Ltd ("Quantum Foods" or "the Company"). These conform with International Financial Reporting Standards ("IFRS") and fairly present the state of Quantum Foods Holdings Ltd and its subsidiaries ("the Group") at the reporting date.

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 of Quantum Foods. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial records and of the financial statements and 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 reasons given by management and the internal auditors, the Board is of the opinion that the accounting controls are sufficient and the financial records may be relied upon for preparing the financial statements and maintaining accountability for the Group's assets and liabilities.

Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss, has occurred during the financial year and up to the date of this report. 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 adopting the going concern basis in preparing the financial statements.

The annual financial statements which appear on pages 7 to 73 were approved by the Board on 18 November 2014 and are signed on its behalf by:

N Celliers
Chairman

HA Lourens
Chief Executive Officer

NOTICE IN TERMS OF SECTION 29 OF THE COMPANIES ACT, ACT 71 OF 2008 ("THE COMPANIES ACT")

These annual financial statements have been audited in compliance with the Companies Act. These annual financial statements have been prepared under the supervision of Mr AH Muller, CA(SA), chief financial officer.

SECRETARIAL CERTIFICATION

In accordance with section 88 of the Companies Act, for the year ended 30 September 2014, it is hereby certified that the Company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

INT Ndlovu
Company Secretary

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee's ("the committee") mandate was executed by Pioneer Food Group Ltd ("Pioneer Foods") audit and risk committee for the period under review. On 29 July 2014, the Board approved the audit and risk committee's charter for Quantum Foods.

AUDIT AND RISK COMMITTEE CHARTER

The first task of the committee was to review the audit and risk committee charter and establish an annual work plan to ensure that it fulfils its mandate accordingly. The annual work plan serves as a guideline for the committee in the execution of their mandate.

The committee's role and responsibilities outlined in the charter include both the statutory duties and responsibilities as required by the relevant provisions of the Companies Act as well as those highlighted in King III.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

The committee comprises independent non-executive directors, who were elected by the Board on 29 July 2014 and will retire and avail themselves for re-election at the first AGM in terms of section 94(2) of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and in King III.

The Group chief executive officer and the chief financial officer are permanent invitees of the committee. In addition, relevant senior managers will be invited to attend meetings from time to time. The company secretary is the statutory secretary of the committee.

The Board has approved the recommended external auditor, who will be formally recommended for appointment to the shareholders at the AGM. The auditor will attend all meetings of the committee in his capacity as assurance provider.

Only the official members of the committee are allowed to exercise their respective voting rights in decision-making exercises, as prescribed in the charter.

FUNCTIONS AND RESPONSIBILITIES OF THE COMMITTEE

The committee held its first meeting on 17 November 2014. The committee was able to discharge the following functions outlined in its charter and ascribed to it in terms of the Companies Act and King III:

- Reviewed the year-end financial statements, culminating in a recommendation to the Board for approval. In the course of its review, the committee:
  - took the necessary steps to ensure that the financial statements are prepared in accordance with IFRS and the requirements of the Companies Act;
  - considered and, where appropriate, made recommendations on internal financial controls;
  - ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Professions Act, Act 26 of 2005) identified and reported by the external auditor; and relating to the accounting practices and internal audit of the Group, the content of the financial statements, the internal financial controls of the Company or any related matter. during the financial year. No such material concerns and/or complaints were raised during the financial year.
- Reviewed the external audit reports on the Group's annual financial statements.
- Recommended the reappointment of PricewaterhouseCoopers Inc. as the external auditor and Mr DG Malan as the designated auditor, after satisfying itself through enquiry that PricewaterhouseCoopers Inc. is independent as defined in terms of the Companies Act. This will be Mr DG Malan's first year as designated auditor of the Company.
- Confirmed that PricewaterhouseCoopers Inc. and the designated auditor are accredited by the JSE.
- Confirmed and approved the internal audit charter and annual internal audit year plan.
- Oversaw the integrated reporting process.

The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements.

CHIEF FINANCIAL OFFICER

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr AH Muller as chief financial officer.

In addition, the committee also considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the financial function and experience of the senior members of management responsible for the financial function.

GOING CONCERN

The committee has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Group and has made recommendations to the Board in accordance. The Board's statement regarding the going concern status of the Group, as supported by the committee, is included in the directors' responsibility report on page 2.

LP Retief
Chairman: Audit and risk committee

Wellington
18 November 2014

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QUANTUM FOODS HOLDINGS LTD

We have audited the consolidated and separate financial statements of Quantum Foods Holdings Ltd set out on pages 8 to 73, which comprise the statements of financial position as at 30 September 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Quantum Foods Holdings Ltd as at 30 September 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the directors' report, the audit and risk committee report and the secretarial certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DG Malan
Registered Auditor

Paarl
18 November 2014

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Quantum Foods Holdings Ltd (the "Company") and its subsidiaries are a diversified feeds and poultry business providing quality animal protein to selected South African and African markets.

2. FINANCIAL RESULTS

The annual financial statements on pages 8 to 73 set out fully the financial position, financial performance and the cash flows for the year ended 30 September 2014.

3. SHARE CAPITAL

The authorised share capital consists of 400 000 000 (2013: nil) ordinary no par value shares. At year-end, 233 284 332 (2013: nil) ordinary shares were in issue.

During the reporting period, 233 284 332 shares were issued to Pioneer Food Group Ltd, for R1 585 385 564. These shares were issued as part of the restructuring of the Pioneer Food Group, whereby the Company acquired Quantum Foods (Pty) Ltd and its subsidiaries in an asset-for-share transaction.

4. DIVIDENDS

No dividend was declared during the current financial year (2013: Rnil).

5. SUBSIDIARIES

The details of interest in and loans to subsidiaries are presented in note 5 to the annual financial statements.

6. DIRECTORS

The directors of the Company are responsible for the activities and reports related to the Group.

The Board was constituted on 29 July 2014. The Board comprises:

- Norman Celliers – Chairman
- Lambert Phillips Retief – Lead independent director
- Hendrik Albertus Lourens
- André Hugo Muller
- Prof Abdus Salam Mohammad Karaan
- Patrick Ernest Burton
- Wouter André Hanekom – appointed 1 October 2014
- Phildon Martin Roux – resigned 7 October 2014

7. SPECIAL RESOLUTIONS PASSED

The following special resolutions were passed by the sole shareholder of the Company on 31 July 2014:

Special resolution for the approval of the increase in authorised share capital of the Company from 300 000 000 to 400 000 000 was passed.

Special resolution for the approval of the remuneration payable by the Company to its directors for their services as directors for the period 1 October 2014 to the next annual general meeting ("AGM") was passed.

8. LITIGATION STATEMENT

Refer to note 29 (contingent liabilities) of the annual financial statements for detail on the status of the dispute with contract growers and broiler and breeder farms. No other litigation matters with potential material consequences exist at the reporting date.

9. EVENTS AFTER THE REPORTING PERIOD

Other than the matter raised in note 36 to the annual financial statements, no other events occurred after the reporting date that may have a material effect on the Group.

10. AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act.

BACKGROUND

The Group was established during the current reporting period. The Group represents the business of Pioneer Foods related to the production of eggs, chicken products, animal feed and poultry livestock. The Group comprises the Nulaid business, the Tydstroom business and the Nova Feeds business, which were divisions of Pioneer Foods (Pty) Ltd; Philadelphia Chick Breeders (Pty) Ltd; Lohmann Breeding SA (Pty) Ltd; Bokomo Uganda (Pty) Ltd; the agricultural business activities of Bokomo Zambia Ltd; and an investment in Bergsig Breeders (Pty) Ltd, classified as an associate. These businesses were legally bound together through a reorganisation that occurred on 1 October 2013. Quantum Foods Zambia Ltd acquired the agricultural business activities of Bokomo Zambia Ltd on 1 August 2014 as part of this reorganisation.

1. Basis of preparation

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated annual financial statements of the Group have been prepared in accordance with, and comply with, IFRS and International Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, the Listings Requirements of the JSE Ltd and the Companies Act. These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The consolidated annual financial statements are prepared on the historic cost convention, as modified by the revaluation of biological assets, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The reorganisation of the Pioneer Foods businesses into the Group is a common control transaction as Pioneer Foods is the ultimate controlling entity before and after the reorganisation. The financial statements are based on predecessor accounting arising from such common control transaction. This method requires that the assets and liabilities of the Group are presented using the carrying amounts from the highest level of common control (i.e. Pioneer Foods) for which consolidated financial statements are prepared. As an operating segment of Pioneer Foods, the Group did not prepare separate financial statements in accordance with IFRS in the normal course of business for the periods up to and including 30 September 2013.

Predecessor accounting requires that comparative figures are presented as if the common control transaction had taken place at the start of the first reporting period presented. Accordingly, the comparative figures were prepared on a carve-out basis by extracting the historical assets, liabilities, revenues and expenses reflected in the consolidated financial statements of Pioneer Foods.

Net invested equity

The divisions of the carve-out group generated assessed losses which were utilised by other divisions of Pioneer Foods during the previous reporting period that do not form part of the carve-out group. The utilisation of these tax losses by other divisions of Pioneer Foods has been recognised as a distribution in net invested equity in the previous reporting period.

Furthermore, all investments in subsidiaries and associates transferred to the carve-out group were recognised in net invested equity.

Taxation

During the previous period presented, the Group did not file separate tax returns as it was not considered a separate legal entity for tax purposes. The income tax charge/credit included in this carve-out historical financial information was calculated using a method consistent with a separate tax return basis, as if the Group were a separate taxpayer.

The acquisitions of the subsidiaries are common control transactions. An accounting policy has been established for these business combinations as IFRS is currently silent on the treatment of these transactions. Also refer to note 2 "Basis of consolidation" of the accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2 to the consolidated annual financial statements.

1.1 New and amended accounting standards and interpretations effective in 2014

The following standards, amendments and interpretations have been adopted by the Group and became effective for the current reporting period beginning on 1 October 2013:

IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Group. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard did not have a material effect on the operations of the Group.

IFRS 12 – Disclosure of Interest in Other Entities (effective 1 January 2013)

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-statement of financial position vehicles. This standard did not have a material effect on the operations of the Group.

IFRS 13 – Fair Value Measurement (effective 1 January 2013)

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. See note 33 for the additional disclosure provided.

Amendments to IAS 19 – Employee Benefits (effective 1 January 2013)

IAS 19 (revised) makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans.

IAS 19 (revised):

- eliminates the "corridor method" and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability;
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

This amended standard did not have a material effect on the operations of the Group.

Revised IAS 27 – Separate Financial Statements (effective 1 January 2013)

IAS 27 has been renamed "Separate financial statements" and it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged.

This amended standard did not have a material effect on the operations of the Group.

Revised IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2013)

IAS 28 now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 – Joint Arrangements.

This amended standard did not have a material effect on the operations of the Group.

1.2 New and amended accounting standards and interpretations that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

IFRS 9 – Financial Instruments (effective 1 January 2018)

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that related to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 14 – Regulatory Deferral Accounts (effective 1 January 2016)

This is an interim standard on the accounting for certain balances that arise from rate-regulated activities ("regulatory deferral accounts"). Rate regulation is a framework where the price that an entity charges its customers for goods and services is subject to oversight and/or approval by an authorised body.

IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2017)

IFRS 15 establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Amendment to IAS 19 – Employee Contributions to Defined Benefit Plans (effective 1 July 2014)

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Improvements to IFRS 2013 (effective 1 July 2014)

This is a collection of amendments to IFRS. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project for 2011. The annual improvements project provides a vehicle for making non-urgent, but necessary amendments to IFRS. Certain amendments resulted in consequential amendments to IFRS.

IFRIC 21 – Levies (effective 1 January 2014)

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to paying a levy and when a liability should be recognised.

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement (effective 1 January 2014)

The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty ("CCP") meets specified criteria. Similar relief will be included in IFRS 9 – Financial Instruments.

Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)

The amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has applied set-off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations.

Amendment to IAS 36 – Recoverable Amount Disclosures for Non-financial Assets (effective 1 January 2014)

The IASB has made small changes to the disclosures required by IAS 36 – Impairment of Assets when the recoverable amount is determined based on the fair value less costs of disposal.

IFRS 13 made consequential amendments to the disclosure requirements of IAS 36. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

Impact of the above amendments on the Group's financial statements

The Group is in the process of assessing the impact of the above standards and interpretations on the financial statements.

2. Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 – Financial Instruments: Recognition and Measurement either in profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intergroup transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding Group, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Interest-free loans to subsidiaries, with no specific terms of repayment and with a definite intent not to demand repayment, are considered to be capital distributions to the subsidiary and are included in the carrying amount of the investment.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the "share of profit of investments accounted for using the equity method" in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in profit or loss. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Common control reserve

IFRS 3 excludes from its scope business combinations between entities under common control. The Group has made the policy choice to apply predecessor accounting.

The principles of predecessor accounting are that no assets or liabilities are restated to their fair values. The Group incorporates predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity.

No new goodwill arises. The transaction is not seen as an equal exchange of values and a change of control from the date of the business combination. No goodwill beyond that recorded by the controlling party in relation to the acquiree can therefore arise. Differences on consolidation are included in the common control reserve in equity.

3. Property, plant and equipment

Land and buildings mainly comprises factories, farms, poultry houses, offices and silos. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Land is not depreciated. Depreciation on buildings, poultry houses, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

The expected useful lives are as follows:

• Buildings	10 – 25 years
• Poultry houses	25 years
• Plant, machinery and equipment	3 – 30 years
• Vehicles	3 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts. These are included within other gains/(losses) – net in profit or loss.

4. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill arising from business combinations is included in "intangible assets" whereas goodwill on acquisition of associates is included in "investments in associates" and is tested for impairment as part of the overall carrying amount.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Trademarks and intellectual property

Trademarks and intellectual property are shown at historical cost. Subsequently these intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intellectual property has finite useful lives. The useful lives of trademarks are either finite or indefinite.

Intellectual property and trademarks with finite useful lives are amortised over their useful lives and assessed for impairment when there is an indication that the assets may be impaired. Amortisation is calculated using the straight-line method over these intangible assets' estimated useful lives of between 5 and 25 years.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of between two and five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives of between two and five years.

5. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows CGUs. Non-financial assets, other than goodwill, that have suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

6. Financial assets

6.1. Classification

The Group classifies its financial assets in the following categories:

- at fair value through profit or loss
- loans and receivables
- available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. The Group's financial instruments at fair value through profit or loss comprise "derivative financial instruments" not earmarked for hedging. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

6.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in profit or loss in the period in which they arise.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are presented in other comprehensive income in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss. Dividend income from available-for-sale equity instruments is recognised in profit or loss as part of "investment income" when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. The Group establishes fair value by using valuation techniques if the market for a financial asset is not active and for unlisted securities. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6.3. Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Loans and receivables

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing on trade receivables is described in note 10 of the accounting policy.

Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses on equity instruments recognised in profit or loss are not reversed through profit or loss.

7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

8. Biological assets

Biological assets consist of livestock. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which they arise.

All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise. Fair values of livestock held for breeding, laying hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

Agricultural produce is the harvested product of the entity's biological assets and is measured at its fair value less cost to sell at the point of harvest. Such measurement is the cost at that date when transferring the harvested produce to inventory. Agricultural produce of the Group includes eggs from laying hens, hatching eggs from breeder hens and meat from broiler chickens.

9. Inventories

Inventories are valued at the lower of cost or net realisable value. Cost in each category is determined as follows:

- Raw material at actual cost on a weighted average cost basis.
- Own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads, on a weighted average cost basis.
- Consumable and trading stock at actual cost on a weighted average cost basis.
- Eggs purchased and broilers valued at actual cost on a weighted average cost basis.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials.

10. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the normal course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss within "other operating expenses". The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, they are written off as "other operating expenses" in profit or loss. Subsequent recoveries of amounts previously written off are credited against "other operating expenses" in profit or loss.

11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Deposits held at call with banks and other short-term, highly liquid investments are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These deposits are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of income tax, from the proceeds.

When any Group company purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent.

The interest-bearing borrowings from Pioneer Foods and net invested equity were converted to share capital as part of the Pioneer Foods reorganisation on 1 October 2013.

13. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end reporting date.

14. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as "finance costs".

15. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

16. Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

17. Dividends withholding tax

Dividends withholding tax ("DWT") became effective from 1 April 2012. Dividends are taxed at 15% in the hands of certain recipients of the dividends, rather than in the hands of the declarer of the dividend. As such, for dividends declared and paid by the Group after 1 April 2012, the Group does not recognise tax on dividends declared.

Where the Group has incurred DWT on dividends received, the tax is included in the "income tax expense" line in the profit or loss component of the statement of comprehensive income.

18. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after elimination of sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Income is recognised as follows:

Sale of goods

Sale of goods is recognised when a Group entity has delivered products to the customer, the customer has accepted the products and the collectibility of the related receivables is reasonably assured. No element of financing is deemed present as sales are made within credit terms which are consistent with market practice. The sale of goods is the only income included in "revenue" on the face of the statement of comprehensive income.

Sale of services

Sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of services provided as a proportion of the total services to be provided. The sale of services is included in "other income" on the face of the statement of comprehensive income.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When loans or receivables are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate. Interest income is included in "investment income" on the face of the statement of comprehensive income.

19. Research and development

Research expenditure is recognised as an expense as incurred. Development costs that are directly attributable to development projects (relating to the design and testing of new or improved products) controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use.
- Management intends to complete the product and use or sell it.
- there is an ability to use or sell the product.
- It can be demonstrated how the product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available.
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised, from the point at which the asset is ready for use, on a straight-line basis over its useful life, not exceeding five years.

20. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates ("the functional currency"). The consolidated financial statements are presented in South African rand, which is the Group's presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the transaction dates or valuation dates when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All other foreign exchange gains and losses are presented in profit or loss within "other gains and losses – net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences resulting from changes in amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of South African rand are translated into South African rand as follows:

- Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the reporting date.
- Income and expenditure included in profit or loss for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenditure are translated at the exchange rates prevailing at the dates of the transactions).
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income on consolidation. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

21. Accounting for leases: Group company is the lessee

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

22. Accounting for leases: Group company is the lessor

Operating leases

Operating lease assets are included in property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease.

23. Employee benefits

Retirement scheme arrangements

The policy of the Group is to provide retirement benefits for all its employees in the form of a defined contribution plan. A defined contribution plan is a retirement scheme under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the retirement benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other long-term employee benefits

The Group provides for long-service awards that accrue to employees. Independent actuaries calculate annually the liability recognised in the statement of financial position in respect of long-service awards. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12 months after the year-end reporting date are discounted to present value using the effective interest rate method.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Leave pay

Annual leave entitlement is provided for over the period that the leave accrues. In terms of the Group's policy, employees with up to 10 years of service are entitled to accumulate vested leave benefits not taken to a cap of 42 days. Employees with more than 10 years of service are entitled to accumulate vested leave benefits not taken to a cap of 44 days. Any leave days vesting in excess of the cap are forfeited in the vesting month.

Leave may not be converted to cash except at termination of employment.

24. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates all its derivatives as cash flow hedges.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in note 10 to the consolidated annual financial statements. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the reporting date and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months from this date. Trading derivatives are classified as current assets or liabilities.

Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

Cash flow hedging instruments are mainly used to manage operational exposure to foreign exchange and commodity price risks. Financial instruments designated as cash flow hedges include commodity futures and foreign exchange contracts.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately within "other gains or losses – net".

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred immediately to "other gains or losses – net".

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss within "other gains or losses – net".

25. Dividend distribution

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Board of directors.

26. Segment reporting

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision-maker, in order to allocate resources and assess performance and for which distinct financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, this being the chief executive officer and financial director of the Group. The operating segments were identified and grouped together based mainly on the nature of their activities and the products offered by them.

27. Borrowing costs

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from the interest cost of foreign currency borrowings.

Borrowing costs are expensed as incurred, except for borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset, in which case it is capitalised as part of the cost of that asset. The Group defines a qualifying asset as an asset that takes more than a year to prepare for its intended use or sale.

Capitalisation of borrowing costs commences when expenditure for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised up to the date when the project is completed and ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing cost incurred during that period. Other borrowing costs are recognised as expenses when incurred.

28. Amortised costs

Finance costs and investment income are recognised on a time-proportion basis using the effective interest rate method. When determining the amortised cost amount of financial assets and liabilities, the Group reduces the carrying amount to the amount recoverable or payable, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as accretions of discount. These accretions or unwinding of discount on financial assets and liabilities carried at amortised cost are included in "finance costs" or "investment income" in profit or loss.

29. Deferred revenue

Deferred revenue represents revenues collected from a counterparty for goods or services which are to be delivered in a later accounting period. When the goods or services are delivered, the related revenue item is recognised and the deferred revenue is reduced.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Notes	2014 R'000	2013 R'000
ASSETS			
Non-current assets		**1 061 357**	1 132 722
Property, plant and equipment	3	**1 045 078**	1 124 027
Intangible assets	4	**7 116**	59
Investment in associates	6	**6 112**	5 517
Deferred income tax	15	**3 051**	3 119
Current assets		**985 291**	813 117
Inventories	7	**232 544**	232 190
Biological assets	8	**292 372**	276 737
Trade and other receivables	9	**353 863**	278 607
Derivative financial instruments	10	**991**	901
Current income tax	27	**–**	462
Cash and cash equivalents	11	**105 521**	24 220
Total assets		**2 046 648**	1 945 839
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		**1 461 224**	102 263
Share capital	12	**1 585 386**	–
Net invested equity		**–**	38 071
Other reserves	13	**(155 395)**	24 472
Retained earnings		**31 233**	39 720
Total equity		**1 461 224**	102 263
Non-current liabilities		**195 922**	207 105
Deferred income tax	15	**189 577**	197 811
Provisions for other liabilities and charges	16	**6 345**	9 294
Current liabilities		**389 502**	1 636 471
Trade and other payables	17	**388 037**	327 456
Current income tax	27	**1 465**	630
Borrowings	14	**–**	1 308 385
Total liabilities		**585 424**	1 843 576
Total equity and liabilities		**2 046 648**	1 945 839

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 R'000	2013 R'000
Revenue		**3 560 943**	3 483 351
Cost of sales		**(2 982 629)**	(2 879 966)
Gross profit		**578 314**	603 385
Other income	18	**14 450**	19 744
Other gains/(losses) – net	19	**74 767**	(146 446)
Sales and distribution costs		**(261 203)**	(270 697)
Marketing costs		**(9 080)**	(13 983)
Administrative expenses		**(95 284)**	(93 830)
Other operating expenses		**(322 823)**	(349 661)
Operating loss	20	**(20 859)**	(251 488)
Investment income	21	**5 899**	10 100
Finance costs	22	**(4 974)**	(111 128)
Share of profit of investments accounted for using the equity method	6	**595**	335
Loss before income tax		**(19 339)**	(352 181)
Income tax expense	23	**10 852**	65 349
Loss for the year		**(8 487)**	(286 832)
Other comprehensive income/(loss) for the year			
Items that may subsequently be reclassified to profit or loss:			
Fair value adjustments to cash flow hedging reserve		**238**	–
For the year		**331**	–
Deferred income tax effect		**(93)**	–
Movement on foreign currency translation reserve			
Currency translation differences		**(19 927)**	26 328
Total comprehensive loss for the year		**(28 176)**	(260 504)
Loss for the year attributable to:			
Owners of the parent		**(8 487)**	(286 832)
		(8 487)	(286 832)
Total comprehensive loss for the year attributable to:			
Owners of the parent		**(28 176)**	(260 504)
		(28 176)	(260 504)
Loss per ordinary share (cents)	24	**(4)**	(123)
Diluted loss per ordinary share (cents)	24	**(4)**	(123)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Share capital R'000	Net invested equity R'000	Common control reserve R'000	Hedging reserve R'000	Foreign currency translation reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2013	–	38 071	–	–	24 472	24 472	39 720	102 263
Borrowings and net invested equity capitalised during the reporting period	1 344 176	(38 071)	–	–	–	–	–	1 306 105
Common control transaction	160 178	–	(160 178)	–	–	(160 178)	–	–
Shares issued during the reporting period	81 032	–	–	–	–	–	–	81 032
Comprehensive income:								
Loss for the year	–	–	–	–	–	–	(8 487)	(8 487)
Other comprehensive income for the year	–	–	–	238	(19 927)	(19 689)	–	(19 689)
Movement on foreign currency translation reserve	–	–	–	–	(19 927)	(19 927)	–	(19 927)
Cash flow hedging								
Fair value adjustments to cash flow hedging reserve								
For the year	–	–	–	331	–	331	–	331
Deferred income tax effect	–	–	–	(93)	–	(93)	–	(93)
Balance as at 30 September 2014	1 585 386	–	(160 178)	238	4 545	(155 395)	31 233	1 461 224
Balance as at 1 October 2012	–	(50 873)	–	–	(1 856)	(1 856)	24 218	(28 511)
Comprehensive income:								
Loss for the year	–	–	–	–	–	–	(286 832)	(286 832)
Other comprehensive income for the year	–	–	–	–	26 328	26 328	–	26 328
Movement on foreign currency translation reserve	–	–	–	–	26 328	26 328	–	26 328
Movement in net invested equity	–	143 557	–	–	–	–	–	143 557
Assessed loss transferred to net invested equity	–	(54 613)	–	–	–	–	–	(54 613)
Contribution from Pioneer Foods	–	–	–	–	–	–	302 334	302 334
Balance as at 30 September 2013	–	38 071	–	–	24 472	24 472	39 720	102 263
Note	12		37			13		

Note:
All figures from 1 October 2013 are consolidated. Figures for earlier periods are presented on a carve-out basis. For further information see "Basis of preparation" in note 1 of the accounting policy.
As the divisions of Quantum Foods were part of Pioneer Foods, all profits or losses relating to the divisions are transferred to Pioneer Foods at the end of each reporting period as either a contribution from or distribution to Pioneer Foods.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 R'000	2013 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**39 908**	163 870
Net cash profit from operating activities	25	**69 550**	25 298
Working capital changes	26	**(28 292)**	139 197
Net cash generated from operations		**41 258**	164 495
Income tax paid	27	**(1 350)**	(625)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(35 359)**	(467 310)
Additions to property, plant and equipment		**(37 364)**	(166 066)
Additions to intangible assets		**(7 188)**	–
Proceeds on disposal of property, plant and equipment	28	**3 294**	3 665
Business combinations, net of cash acquired	37	**–**	(315 009)
Interest received	21	**5 899**	10 100
Net cash surplus/(deficit)		**4 549**	(303 440)
NET CASH FLOW FROM FINANCING ACTIVITIES		**76 752**	317 321
Repayment of borrowings		**–**	(17 442)
Proceeds from issue of ordinary shares		**81 032**	–
Interest paid		**(4 280)**	(111 128)
Movement in net invested equity		**–**	143 557
Contributions received		**–**	302 334
Net increase in cash, cash equivalents and bank overdrafts		**81 301**	13 881
Net cash, cash equivalents and bank overdrafts at beginning of year		**24 220**	10 339
Net cash, cash equivalents and bank overdrafts at end of year	11	**105 521**	24 220

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. Accounting policies

The principal accounting policies incorporated in the preparation of this historical financial information are set out on pages 8 to 25.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key assumptions and critical judgements

Property, plant and equipment

These items are depreciated over their useful lives, taking into account the residual value at the end of the item's useful life. Residual values and useful lives are based on industry knowledge and past experience with similar assets.

The Group continually considers the existence of impairment indicators. An impairment loss is only recognised if the asset's or cash-generating unit's ("CGU") carrying amount exceeds its respective recoverable amount. The recoverable amount of an asset or CGU is the higher of its value-in-use or fair value less costs to sell. These calculations require the use of estimates. Refer to note 3 for key assumptions used.

Fair value measurement of biological assets

In measuring fair value of biological assets, management estimates and judgements are required for determination of fair value. Refer to note 33 for key assumptions used.

Assessment of control over contract growers

The Group assesses whether it exercises control over contract growers based on an analysis of the activities of these entities, the Group's decision-making powers, its ability to obtain benefits from these entities and the residual risks regarding these entities that are retained by the Group. Based on this analysis, the Group concluded that it does not control the activities of any contract grower.

	2014 R'000	2013 R'000
3. Property, plant and equipment		
Land and buildings	**349 329**	368 662
Plant, machinery and equipment	**670 470**	729 181
Vehicles	**25 279**	26 184
Net book value	**1 045 078**	1 124 027

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Total R'000
3. Property, plant and equipment continued				
30 September 2014				
Cost				
At 1 October 2013	**479 062**	**1 093 942**	**42 485**	**1 615 489**
Additions	**14 257**	**18 759**	**4 348**	**37 364**
Transfers	**(1 302)**	**1 302**	**–**	**–**
Foreign exchange adjustment	**(4 119)**	**(5 533)**	**(482)**	**(10 134)**
Disposals	**(625)**	**(4 108)**	**(1 962)**	**(6 695)**
At 30 September 2014	**487 273**	**1 104 362**	**44 389**	**1 636 024**
Accumulated depreciation				
At 1 October 2013	**(110 400)**	**(364 761)**	**(16 301)**	**(491 462)**
Charge for the year	**(9 239)**	**(42 500)**	**(3 474)**	**(55 213)**
Impairments	**(18 763)**	**(29 947)**	**(768)**	**(49 478)**
Foreign exchange adjustment	**25**	**80**	**86**	**191**
Depreciation on disposals	**433**	**3 236**	**1 347**	**5 016**
At 30 September 2014	**(137 944)**	**(433 892)**	**(19 110)**	**(590 946)**
Net book value at 30 September 2014	**349 329**	**670 470**	**25 279**	**1 045 078**
Total property, plant and equipment at 30 September 2014	**1 045 078**			
30 September 2013				
Cost				
At 1 October 2012	302 991	807 786	32 615	1 143 392
Additions	75 571	84 030	6 465	166 066
Transfers	2 322	(558)	–	1 764
Business combinations	90 934	197 462	5 044	293 440
Foreign exchange adjustment	8 720	8 133	964	17 817
Disposals	(1 476)	(2 911)	(2 603)	(6 990)
At 30 September 2013	479 062	1 093 942	42 485	1 615 489
Accumulated depreciation				
At 1 October 2012	(43 031)	(224 086)	(12 771)	(279 888)
Charge for the year	(6 531)	(45 866)	(3 307)	(55 704)
Impairments	(59 824)	(94 562)	(670)	(155 056)
Transfers	(5)	(1 758)	–	(1 763)
Foreign exchange adjustment	(1 379)	(1 594)	(461)	(3 434)
Depreciation on disposals	370	3 105	908	4 383
At 30 September 2013	(110 400)	(364 761)	(16 301)	(491 462)
Net book value at 30 September 2013	368 662	729 181	26 184	1 124 027
Total property, plant and equipment at 30 September 2013	1 124 027			

	2014 R'000	2013 R'000
3. Property, plant and equipment continued		
The property, plant and equipment balance includes assets in the course of construction amounting to:	**3 564**	69 326

Land and buildings, with a cost price of R392 million (2013: Rnil), is in the process of being transferred and is not yet registered in the name of the Group. This relates to all the property still in process of the being transferred to Quantum Foods (Pty) Ltd, as part of the restructuring of Pioneer Foods.

A register with full details of assets is available at the Group's registered office.

No major changes in the nature of property, plant and equipment or changes in the policy regarding the use thereof took place during the financial year.

During the current financial year, borrowing costs of Rnil (2013: Rnil) were capitalised against qualifying items of property, plant and equipment.

Impairment losses on property, plant and equipment where impairment indicators exist

Impairment losses dealt with under this subheading are impairment losses other than those resulting from the impairment of goodwill assigned to a CGU and tested annually for impairment.

The Group continually considers the existence of impairment indicators relating to items of property, plant and equipment and CGUs. For assets or CGUs where such impairment indicators exist, the Group performs impairment tests by comparing the asset's or CGU's carrying amount to its respective recoverable amount. An impairment loss is only recognised if the asset's or CGU's carrying amount exceeds its respective recoverable amount.

Impairment indicators identified resulted in the following impairment losses being recognised:

During the reporting period, the poultry industry in South Africa continued to struggle, which led to the broiler business recognising losses. As a result, the carrying value of property, plant and equipment was impaired to its recoverable amount. The recoverable amount of an asset or CGU is the higher of its value-in-use or fair value less costs to sell.

Fair value less cost to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Value-in-use calculations are pre-tax cash flow projections based on financial budgets approved by management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

In determining the fair value less costs to sell, the Group applied the income approach and market approach.

3. Property, plant and equipment continued

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 CGU using a rate of return that is commensurate with the risk associated with the business and the time value of money. This approach requires assumptions about revenue growth rates, operating margins, tax rates and discount rates. The assumptions regarding growth are based on the CGU's internal forecasts for revenue, operating margins and cash flows for a period of five years, and by application of a perpetual long-term growth rate thereafter. Past experience, economic trends as well as market and industry trends were taken into consideration. The 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 key assumptions used in performing the impairment test, by CGU, were as follows:

	2014 %	2013 %
Discount rate:		
Broiler business	**17.0%**	17.6%
Layer business	**N/A**	17.6%
Perpetual growth rate:		
Broiler business	**5.5%**	5.5%
Layer business	**N/A**	5.5%

The carrying values of property, plant and equipment and goodwill were impaired as follows based on the calculation performed:

	2014 R'000	2013 R'000
Broiler business		
Property, plant and equipment	**49 478**	144 546
Goodwill	**–**	61 563
Layer business		
Property, plant and equipment	**–**	10 510
Goodwill	**–**	15 381
Total impairment		
Property, plant and equipment	**49 478**	155 056
Goodwill	**–**	76 944
Total impairment	**49 478**	232 000

For the avoidance of doubt, the aforementioned impairment in the current period was already accounted for in the interim carve-out results for the six months ended 31 March 2014.

	2014 R'000	2013 R'000
4. Intangible assets		
Trademarks	**–**	–
Goodwill	**–**	–
Computer software	**7 116**	59
Net book value	**7 116**	59

	Computer software R'000	Trademarks R'000	Goodwill R'000	Total R'000
30 September 2014				
Cost				
At 1 October 2013	**1 253**	**23 000**	**76 944**	**101 197**
Additions	**7 188**	**–**	**–**	**7 188**
At 30 September 2014	**8 441**	**23 000**	**76 944**	**108 385**
Accumulated depreciation				
At 1 October 2013	**(1 194)**	**(23 000)**	**(76 944)**	**(101 138)**
Charge for the year	**(131)**	**–**	**–**	**(131)**
At 30 September 2014	**(1 325)**	**(23 000)**	**(76 944)**	**(101 269)**
Net book value at 30 September 2014	**7 116**	**–**	**–**	**7 116**
Total intangible assets at 30 September 2014	**7 116**			
30 September 2013				
Cost				
At 1 October 2012	1 235	23 000	46 911	71 146
Transfers	18	–	–	18
Business combinations	–	–	30 033	30 033
At 30 September 2013	1 253	23 000	76 944	101 197
Accumulated depreciation				
At 1 October 2012	(804)	(23 000)	–	(23 804)
Charge for the year	(372)	–	–	(372)
Impairments	–	–	(76 944)	(76 944)
Transfers	(18)	–	–	(18)
At 30 September 2013	(1 194)	(23 000)	(76 944)	(101 138)
Net book value at 30 September 2013	59	–	–	59
Total intangible assets at 30 September 2013	59			

Refer to note 3 for further detail on impairment testing performed and impairments recognised during the previous reporting period.

	2014 R'000	2013 R'000
5. Interest in subsidiaries		
Cost of shares		
Bokomo Uganda (Pty) Ltd (incorporated in Uganda)	**5 081**	5 081
Lohmann Breeding SA (Pty) Ltd	**4 227**	4 227
Philadelphia Chick Breeders (Pty) Ltd	**10 000**	10 000
Quantum Foods (Pty) Ltd	**1 585 386**	1 504 354
Quantum Foods Zambia Ltd (incorporated in Zambia)	**117 220**	117 220
	1 721 914	1 640 882
The Group holds a 100% (2013: 100%) interest in all the subsidiaries listed above.		
Total cost of investment in subsidiaries	**1 721 914**	1 640 882
The subsidiaries are incorporated in South Africa unless indicated otherwise.		
6. Investment in associates		
Unlisted shares at cost	**1 700**	1 700
Interest in retained earnings and reserves	**4 412**	3 817
Balance at beginning of year	**3 817**	3 482
Share of profit of associated company	**595**	335
Dividends paid	**–**	–
	6 112	5 517
Cost of shares		
Bergsig Breeders (Pty) Ltd	**1 700**	1 700
Effective interest 28% (2013: 28%)		
	1 700	1 700

6. Investment in associates continued

The following is the summarised statement of financial position of the above-mentioned associated company:

	2014 R'000	2013 R'000
Non-current assets	**19 502**	18 142
Current assets	**19 500**	16 860
Total assets	**39 002**	35 002
Non-current liabilities	**14 662**	8 307
Current liabilities	**4 343**	8 823
Total liabilities	**19 005**	17 130
Capital and reserves	**19 997**	17 872
Total equity and liabilities	**39 002**	35 002
The following is the summarised profit of the associated company (after interest was acquired):		
Revenue	**51 487**	46 379
Operating profit	**3 673**	2 258
Net profit after income tax	**2 951**	1 661

Bergsig Breeders (Pty) Ltd is a private company and no quoted market price is available for its shares. The company operates in the agricultural industry in South Africa.

7. Inventories

	2014 R'000	2013 R'000
Raw materials	**160 242**	147 277
Manufactured products	**41 027**	56 131
Packing materials and consumables	**31 275**	28 782
	232 544	232 190
Inventory carried at net realisable value	**6 560**	18 756
Cost of inventories included in "cost of sales"	**2 752 691**	2 682 411

8. Biological assets

	2014 R'000	2013 R'000
Livestock – poultry	292 372	276 737
	292 372	276 737

Poultry includes point-of-lay hens, day-old chicks, broilers and eggs.

The Group is engaged in poultry production for supply to various customers.

Fair values of livestock held for breeding, laying hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

	Quantity	Quantity
At 30 September, the Group held the following biological assets:		
Chickens – grandparents	24 519	23 788
Hatching eggs	7 067 174	7 065 363
Chickens – broilers	3 991 005	4 183 452
Chickens – layers 39 weeks and younger	4 058 118	3 766 036
Chickens – layers older than 39 weeks	1 973 972	2 180 537
Game	273	285
Cattle	316	283
The Group produced the following agricultural produce for the year ended 30 September:		
Eggs (dozens)	84 713 557	79 108 587
Poultry meat (kg)	61 170 335	69 937 311
Number of day-old chicks	66 427 906	69 724 295
Number of point-of-lay hens	6 256 394	6 278 787
Number of culls	3 807 559	3 586 826

	R'000	R'000
Biological assets at fair value less cost to sell compromise the following:		
Chickens – grandparents	37 437	32 242
Chickens – laying	196 814	185 928
Chickens – broilers	37 404	40 397
Hatching eggs	18 894	16 440
Game	502	513
Cattle	1 321	1 217
	292 372	276 737

9. Trade and other receivables

	2014 R'000	2013 R'000
Trade receivables	324 398	280 807
Allowance for outstanding credit notes	(3 178)	(3 273)
Trade receivables	321 220	277 534
Provision for impairment	(7 971)	(6 415)
Trade receivables – net	313 249	271 119
Staff loans	–	2
Prepayments	4 727	4 854
Receivables from related parties (refer to note 31)	20 077	2 550
Other debtors	11	27
Value-added tax	15 799	55
	353 863	278 607

The carrying value of trade and other receivables approximates its fair value at the reporting date.

An allowance for outstanding credit notes is accounted for based on past experience.

	2014 R'000	2013 R'000
Financial assets that are neither past due nor impaired are considered to be fully performing. The carrying amount of fully performing financial assets included in trade and other receivables at year-end:		
National customers	119 501	104 061
Other customers	181 337	152 571
	300 838	256 632

The credit quality of fully performing financial assets included in trade and other receivables is supported by the high proportion of the carrying value that can be ascribed to national customers, especially in the formal retail sector. The credit quality of the customer base is considered to be good based on historical default rates. Other customers include local and international customers.

	2014 R'000	2013 R'000
9. Trade and other receivables continued		
Financial assets included in trade and other receivables that are outside their normal payment terms are considered to be past due. The following represents an analysis of the past due number of days of financial assets that are past due but not impaired:		
National customers		
Within 30 days	**2 817**	2 884
Between 30 and 60 days	**3 430**	1 205
Between 60 and 90 days	**6 266**	1 207
Between 90 and 120 days	**986**	623
More than 120 days	**5 351**	1 249
	18 850	7 168
Other customers		
Within 30 days	**981**	3 121
Between 30 and 60 days	**2 494**	2 092
Between 60 and 90 days	**1 069**	1 387
Between 90 and 120 days	**1 038**	1 055
More than 120 days	**8 067**	2 243
	13 649	9 898
Total	**32 499**	17 066
Individually impaired receivables, where indicators of impairment are present, comprise a number of non-material customers. The following trade receivables were impaired at year-end:		
National customers	**–**	–
Other customers	**7 971**	6 415
Total	**7 971**	6 415
Interest charged on impaired trade receivables	**890**	844

	2014 R'000	2013 R'000
9. Trade and other receivables continued		
Movements on the Group's provision for impairment of trade receivables are as follows:		
At 1 October	**6 415**	760
Provision for receivables impaired	**2 073**	6 585
Receivables written off during the year as uncollectible	**(283)**	(226)
Unused amounts reversed	**(234)**	(704)
At 30 September	**7 971**	6 415
The Group holds a number of categories of collateral as security for trade receivable balances. These collateral categories include mortgage bonds, notarial bonds and various guarantees.		
Fair value of collateral held on past due and/or impaired trade receivables	**14 635**	8 300
The carrying amount of the Group's trade receivables are denominated in the following currencies, which are the functional currencies of the relevant subsidiaries:		
Zambian kwacha	**7 076**	3 671
Ugandan shilling	**15**	23
SA rand	**317 307**	277 113
Total	**324 398**	280 807
Other receivables are largely denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.		

		2014 R'000	2013 R'000
10.	**Derivative financial instruments**		
	Foreign exchange contracts	991	901
		991	901

Trading derivatives are classified as a current asset or liability. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedge item is less than 12 months. The carrying values of derivative financial instruments are measured at their fair values at the reporting date.

The purchase of foreign exchange contracts is for the import of raw materials used for production.

		2014 R'000	2013 R'000
10.1	***Derivative instruments earmarked for hedging (cash flow hedges)***		
	Commodity instruments		
	Futures – disclosed as part of cash and cash equivalents	1 813	–

		Foreign amount '000	Rand amount R'000	Fair value R'000
10.2	***Other derivative instruments***			
	Currency forward contracts			
	30 September 2014			
	Purchases of foreign exchange contracts			991
	US dollar	1 750	19 809	949
	Euro	39	563	8
	British pound	69	1 273	34
	30 September 2013			
	Purchases of foreign exchange contracts			901
	US dollar	6 202	62 746	838
	Euro	88	1 198	32
	British pound	67	1 097	31

		2014 R'000	2013 R'000
11.	**Cash and cash equivalents**		
	Cash at bank and on hand	105 521	24 220
		105 521	24 220
	For the purposes of the statement of cash flows, the year-end cash and cash equivalents consist of the following:		
	Cash and short-term investments	105 521	24 220
		105 521	24 220
	The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:		
	SA rand	48 744	567
	US dollar	18 187	89
	Zambian kwacha	31 536	20 457
	Ugandan shilling	7 054	3 107
	Total	105 521	24 220
	The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
	Zambian kwacha	31 536	20 457
	Ugandan shilling	7 054	3 107
		38 590	23 564

The carrying amounts of cash and cash equivalents approximate their fair values at the reporting date.

Restricted balances

Cash and cash equivalents include restricted balances of R1.8 million (2013: Rnil). Restricted cash balances consist of initial margin balances with the JSE which serve as collateral for derivative positions held at year-end. This cash will only be accessible to the Group when the related derivative positions are closed.

		2014 R'000	2013 R'000
12.	**Share capital**		
	Authorised – ordinary shares		
	400 000 000 (2013: nil) ordinary no par value shares	400 000 000	–
	Issued and fully paid – ordinary shares		
	233 284 332 (2013: nil) ordinary no par value shares	1 585 386	–
	Reconciliation of shares issued during the reporting period		
	Opening balance	–	–
	Shares issued to acquire entities under common control	1 504 354	–
	Additional share capital raised	81 032	–
		1 585 386	–

The interest-bearing borrowings from Pioneer Foods and net invested equity were converted to share capital on 1 October 2013. The difference between this share capital converted on 1 October 2013 and the total amount of capital raised from shares issued to acquire the businesses under common control is recognised as a common control reserve in the statement of changes in equity.

		2014 R'000	2013 R'000
13.	**Other reserves**		
	Hedging reserve	**238**	–
	Common control reserve	**(160 178)**	–
	Foreign currency translation reserve	**4 545**	24 472
		(155 395)	24 472

The hedging reserve relates to the change in fair value of derivative financial instruments. These derivative financial instruments include futures. Refer to note 10 for further detail.

The foreign currency translation reserve relates to exchange differences arising from translation of foreign subsidiaries' statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs.

		2014 R'000	2013 R'000
14.	**Borrowings**		
	Current		
	Interest-bearing loan from Pioneer Foods	**–**	1 308 385
		–	1 308 385

The interest-bearing loan from Pioneer Foods was converted to equity on 1 October 2013 as part of the restructuring of the Pioneer Food Group.

Refer to note 33 for the maturity analysis of all financial liabilities.

The carrying values of borrowings approximate their fair value at the reporting date.

The carrying amounts of the Group's borrowings are denominated in South African rand.

14.1 Interest-bearing loan from Pioneer Foods

Loan bearing interest at prime less 1.85% and has no fixed repayment terms. No securities have been provided for the loan.

		2014 R'000	2013 R'000
15.	**Deferred income tax**		
	Balance at beginning of year	**194 692**	175 177
	Charge in income statement	**(13 499)**	(10 872)
	Foreign exchange translation adjustment	**(256)**	354
	Deferred income tax on hedging reserve charged to equity	**93**	–
	Deferred income tax on common control transaction	**5 496**	–
	Business combinations (Refer to note 37)	**–**	30 033
		186 526	194 692

		2014 R'000	2013 R'000
15.	**Deferred income tax** continued		
	Due to the following temporary differences:		
	Capital allowances, including trademarks	**157 653**	153 218
	Inventories	**8 471**	7 248
	Biological assets	**64 442**	61 637
	Assessed loss utilised	**(31 734)**	(13 911)
	Prepaid expenses	**757**	611
	Provision for long-service awards	**(1 777)**	(2 602)
	Leave accrual	**(3 909)**	(4 770)
	Bonus accrual	**(2 649)**	(2 656)
	Provision for impairment of trade receivables	**(1 633)**	(1 278)
	Rebates, growth incentives and settlement discount accruals	**(1 227)**	(1 118)
	Allowance for credit notes	**(890)**	(916)
	Deferred income	**(843)**	(872)
	Derivative financial instruments	**266**	243
	Accruals personnel costs	**(396)**	(630)
	Other	**(5)**	488
		186 526	194 692
	For the purposes of the statement of financial position deferred income tax is presented as follows:		
	Non-current assets	**(3 051)**	(3 119)
	Non-current liabilities	**189 577**	197 811
		186 526	194 692

During the year deferred income tax assets of R3 051 429 (2013: R3 118 992) have been recognised, the utilisation of which depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

The assets relate to assessed losses of entities that suffered losses in the current and/or preceding years. The losses suffered in the current and/or previous period arose from identifiable causes that are unlikely to recur. These entities have a strong earnings potential and future profitability is expected against which unrecognised tax losses can be utilised.

		2014 R'000	2013 R'000
16.	**Provisions for other liabilities and charges**		
	Long-service awards	**6 345**	9 294
		6 345	9 294
16.1	***Long-service awards***		
	Balance at beginning of year	**9 294**	8 570
	Interest	**694**	702
	Actuarial gain	**(3 926)**	(154)
	Current service costs	**1 238**	1 154
	Payments	**(955)**	(978)
		6 345	9 294
	The amount recognised in the statement of financial position was determined as follows:		
	Present value of unfunded obligations	**6 345**	9 294
	Unrecognised actuarial loss	**–**	–
		6 345	9 294
	Existing provisions are based on the following important assumptions:		
	Discount rate	**8.2% p.a.**	7.5% p.a.
	Salary increases	**7% p.a.**	7.9% p.a.
	Normal retirement age	**60 years**	60 years
	The date of the most recent actuarial valuation is:	**30 September 2014**	1 October 2013

		2014 R'000	2013 R'000
17.	**Trade and other payables**		
	Trade payables	**262 443**	211 433
	Accrued expenses	**21 267**	17 575
	Related parties (refer to note 31)	**72 996**	66 779
	Provision for leave	**14 863**	17 554
	Provision for 13th cheque	**9 990**	9 797
	Value-added tax	**25**	259
	Other payables	**6 453**	4 059
		388 037	327 456
	The carrying amount of the Group's trade payables is denominated in the following currencies:		
	Covered by means of foreign exchange contracts:	**1 832**	–
	Euro	**563**	–
	UK pound	**1 269**	–
	Uncovered:	**260 611**	211 433
	Euro	**563**	1 800
	US dollar	**14 933**	6 909
	Zambian kwacha	**7 086**	5 476
	Ugandan shilling	**2 200**	1 761
	SA rand	**235 829**	195 487
	Total	**262 443**	211 433
	The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
	Zambian kwacha	**7 086**	5 476
	Ugandan shilling	**2 200**	1 761
		9 286	7 237
	Other payables are mostly denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.		
18.	**Other income**		
	Rental income	**2 225**	3 332
	Sundry income and commissions	**12 225**	16 412
		14 450	19 744

	2014 R'000	2013 R'000
19. Other gains/(losses) – net		
Biological assets fair value adjustment	51 950	44 477
Unrealised – reflected in carrying amount of biological assets	9 767	14 432
Realised – reflected in cost of goods sold	42 183	30 045
Agricultural produce fair value adjustment	70 722	27 022
Foreign exchange differences	(272)	5 930
Foreign exchange contract fair value adjustments	230	7 067
Profit on disposal of property, plant and equipment	1 615	1 058
Impairment of property, plant and equipment	(49 478)	(155 056)
Impairment of intangible assets	–	(76 944)
	74 767	(146 446)

Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the statement of financial position and the realised portion is reflected in cost of goods sold.

	2014 R'000	2013 R'000
20. Expenses by nature		
Cost of raw materials	2 518 424	2 438 208
Fair value adjustment on biological assets and agricultural produce	112 473	55 480
Inventory written off	26 791	26 606
Research and development costs	9 318	10 106
Staff costs	363 634	374 513
Wages and salaries	313 997	333 856
Termination benefits	8 255	2 476
Other personnel costs	20 141	14 643
Pension costs	21 241	23 538
Technical services from non-employees	5 708	6 446
Auditor's remuneration	2 198	1 854
Rental of premises, machinery and vehicles	28 139	24 397
Travel and entertainment	4 802	4 947
Energy costs	110 649	110 831
Maintenance	64 829	71 767
Depreciation	55 213	55 704
Amortisation	131	372
Insurance	14 067	13 115
Cleaning	25 969	30 175
Administrative expenses	48 601	44 696
Marketing costs	8 421	10 994
Security	18 262	17 801
Change in provision for trade receivables	1 556	5 833
Change in allowance for credit notes	95	340
Bad debts	1 395	1 809
Transport and distribution costs	250 337	301 094
Transaction costs – business combinations	197	1 049
Total cost of sales, sales and distribution costs, marketing, administrative and other operating expenses	3 671 019	3 608 137

	2014 R'000	2013 R'000
21. Investment income		
Interest income on financial assets: loans and receivables		
– Call accounts and other	5 899	1 632
– Related parties (refer to note 31)	–	8 468
	5 899	10 100
22. Finance costs		
Interest expense on financial liabilities measured at amortised cost		
– Call loans and bank overdrafts	30	314
– Long-term liabilities	–	452
– Provision for unwinding of discount	694	–
– Related parties (refer to note 31)	4 250	110 362
	4 974	111 128
23. Income tax expense/(credit)		
Current income tax	2 647	(54 477)
Current year	2 647	(54 477)
Deferred taxation	(13 499)	(10 872)
Current year	(13 499)	(10 872)
	(10 852)	(65 349)
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:	28%	28%

	%	%
Standard rate for companies	28.0	28.0
Non-deductible expenditure	(7.9)	(0.9)
Other non-taxable income	–	–
Effect of capital gains tax	0.7	0.3
Effect of impairments	–	(8.0)
Effect of different tax rates	26.4	–
Other differences	8.9	(0.8)
Effective rate	56.1	18.6

A deferred income tax charge of R93 000 is debited directly through other comprehensive income or loss.

	2014 R'000	2013 R'000
24. Earnings per ordinary share		
Basic and diluted		
The calculation of basic and diluted earnings per share is based on earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year:		
Loss for the year	**(8 487)**	(286 832)
Headline earnings ("HE") are calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants.		
The Group has no dilutive potential ordinary shares.		
Reconciliation between profit attributable to owners of the parent and headline earnings		
Profit/(loss) for the period attributable to owners of the parent	**(8 487)**	(286 832)
Remeasurement of items of a capital nature (IAS 33 earnings adjusted)		
Profit on disposal of property, plant and equipment	**(1 312)**	(850)
Gross	**(1 615)**	(1 058)
Tax effect	**303**	208
Impairment of property, plant and equipment and intangible assets	**35 840**	208 098
Gross	**49 478**	232 000
Tax effect	**(13 638)**	(23 902)
Headline earnings/(loss) for the period	**26 041**	(79 584)
Weighted average number of ordinary shares in issue ('000)	**233 284**	233 284
Earnings/(loss) per share (cents)		
Basic and diluted	**(4)**	(123)
Headline earnings/(loss) per share (cents)		
Basic and diluted	**11**	(34)

	2014 R'000	2013 R'000
25. Cash profit from operating activities		
Reconciliation of profit before tax and cash profit from operating activities:		
(Loss)/profit before income tax	**(19 339)**	(352 181)
Adjustment for:		
Depreciation and amortisation	**55 344**	56 076
Impairment of property, plant and equipment and intangible assets	**49 478**	155 056
Impairment of intangible assets	**–**	76 944
Biological assets fair value adjustment – unrealised	**(9 767)**	(14 432)
Agricultural produce fair value adjustment – unrealised	**(432)**	(1 587)
Net profit on sale of property, plant and equipment	**(1 615)**	(1 058)
Adjustment on fixed-rate leases	**111**	–
Unrealised (profits)/losses on forward exchange contracts and foreign exchange	**(1 483)**	(2 088)
Change in provision for impairment of trade receivables	**1 556**	5 833
Change in provision for credit notes based on history	**(95)**	340
Changes in provisions for long-service awards	**(2 688)**	1 702
Interest received	**(5 899)**	(10 100)
Interest paid	**4 974**	111 128
Profit from associated companies	**(595)**	(335)
	69 550	25 298
26. Working capital changes		
Increase in inventory	**(354)**	(69 682)
(Increase)/decrease in trade and other receivables	**(75 827)**	13 692
Increase/(decrease) in trade and other payables	**52 887**	(26 033)
Increase in loan from Pioneer Foods	**–**	236 978
Increase in current biological assets	**(5 436)**	(16 644)
Changes to derivative financial instruments	**1 393**	1 864
Increase in provisions paid	**(955)**	(978)
	(28 292)	139 197

		2014 R'000	2013 R'000
27.	**Income tax paid**		
	Amounts unpaid at beginning of year	**(168)**	(656)
	Current tax charge in profit and loss	**(2 647)**	54 477
	Amount recognised against the net invested equity	**–**	(54 614)
	Amounts unpaid at end of year	**1 465**	168
		(1 350)	(625)
	For the purposes of the statement of financial position, current income tax (receivable)/payable is presented as follows:		
	Current assets	**–**	(462)
	Current liabilities	**1 465**	630
		1 465	168
28.	**Proceeds on disposal of property, plant and equipment**		
	Book value of property, plant and equipment	**1 679**	2 607
	Profit/(loss) on disposal of property, plant and equipment	**1 615**	1 058
		3 294	3 665

29. Contingent liabilities

Litigation

Dispute with egg contract producers

As previously reported, six contract egg producers proceeded with claims in the Western Cape High Court, Cape Town. The claims of three of the six contract producers are still unresolved.

Pioneer Foods is defending contractual claims from its privatised egg contract producers and the matters were set down for arbitration during 2012. Since the hearings commenced in 2012, settlements were negotiated with the two egg contract producers that had the largest claims. A further contract producer withdrew its claim. These settlements had no adverse financial impact on Pioneer Foods.

Pioneer Foods filed pleas to all these claims, and in two of these claims, counterclaims have been filed to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producers. Pioneer Foods is awaiting the setting of trial dates in these two matters.

Although the claims were brought against Pioneer Foods, the Group indemnified Pioneer Foods against any damages which may be suffered as a result of the disputes, in terms of the internal restructuring agreements on acquisition of the egg business.

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

29. Contingent liabilities continued

Litigation continued

Dispute with broiler farms and breeder farms

As previously reported, several breeder farms and broiler farms (four in total) also filed claims against Pioneer Foods for the alleged breach of the terms of their supply agreements with Pioneer Foods. One of the broiler farms withdrew its claim during the period under review.

Only letters of demand have been received thus far and these claims should eventually be finalised by means of arbitration. No date has been set for the arbitration proceedings. Although these claims were brought against Pioneer Foods, the Group indemnified Pioneer Foods against any damages which may be suffered as a result of the disputes, in terms of the internal restructuring agreements on acquisition of the broiler business.

A further breeder farm has filed a claim against Pioneer Foods for the alleged breach of the terms of a shareholder agreement. Final judgement was granted in favour of Pioneer Foods during April 2014.

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

		2014 R'000	2013 R'000
30.	**Commitments**		
30.1	***Operating lease commitments***		
	Future minimum lease payments		
	The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
	No later than one year	**6 641**	3 350
	Later than one year, and no later than five years	**7 827**	4 942
	Later than five years	**–**	–
		14 468	8 292
30.2	***Operating lease receivables***		
	The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:		
	No later than one year	**13**	25
	Later than one year, and no later than five years	**–**	13
	Later than five years	**–**	–
		13	38
30.3	***Capital commitments***		
	Contractually committed	**40 511**	12 750
	Approved by the Board, but not yet contractually committed	**73 844**	20 000
	Available for the next financial year	**73 844**	20 000
	Available for the year following the next financial year	**–**	–
		114 355	32 750

The expenditure will be financed from operating income, cash reserves and borrowed funds, in accordance with a budget approved by the Board of directors.

		2014 R'000	2013 R'000
31.	**Related-party transactions**		
	During the financial year, the Group conducted numerous transactions with Pioneer Foods, subsidiaries, associates and key management personnel.		
	As at 30 September 2014, the Company was 100% owned by Pioneer Foods, being a non-public shareholder as defined in the Listings Requirements of the JSE Ltd.		
	Refer to the basis of preparation paragraph in the accounting policy of the consolidated annual financial statements for the relationship between the Group and Pioneer Foods.		
31.1	***Sale of goods and services***		
	Bokomo Botswana (Pty) Ltd	**9 165**	10 953
	Bokomo Namibia (Pty) Ltd	**5 655**	6 528
	Heinz Foods SA (Pty) Ltd	**3 800**	4 961
	Retail Brands Interafrica (Pty) Ltd	**109**	–
	Pioneer Foods (Pty) Ltd	**–**	5 470
		18 729	27 912
31.2	***Purchase of goods and services – raw materials***		
	Pioneer Foods (Pty) Ltd	**842 595**	904 069
	Retail Brands Interafrica (Pty) Ltd	**1 912**	–
		844 507	904 069
31.3	***Interest received***		
	Pioneer Foods (Pty) Ltd	**–**	8 468
		–	8 468
31.4	***Interest paid***		
	Pioneer Foods (Pty) Ltd	**4 250**	110 362
		4 250	110 362
31.5	***Interbranch cost paid/(received)***		
	Pioneer Foods (Pty) Ltd		
	– Administration fees paid	**1 896**	–
	– IT costs	**20 134**	18 943
	– Payroll administration	**1 330**	1 521
	– Rental computer equipment	**58**	1 437
	– Rental fees paid	**43**	201
	– Rental fees received	**(140)**	(402)
	– Sundry services – net	**3**	(23)

		2014 R'000	2013 R'000
31.	**Related-party transactions** continued		
31.6	***Key management personnel compensation***		
	Salaries and other short-term employee benefits	**7 530**	2 133
	Post-employment benefits	**800**	183
		8 330	2 316
	Key management personnel include the members of the Group's executive committee.		
31.7	***Year-end balances arising from sales/purchases of goods/services***		
	Receivables from related parties		
	Bokomo Botswana (Pty) Ltd	**2 159**	1 500
	Bokomo Namibia (Pty) Ltd	**1 993**	405
	Heinz Foods SA (Pty) Ltd	**733**	570
	Bokomo Zambia Ltd	**1 626**	–
	Pioneer Foods (Pty) Ltd	**1 419**	75
	Sasguard (Pty) Ltd	**7 241**	–
	Bergsig Breeders (Pty) Ltd	**4 906**	–
		20 077	2 550
	Payables to related parties		
	Bergsig Breeders (Pty) Ltd	**(4 855)**	–
	Pioneer Foods (Pty) Ltd	**(65 348)**	(66 677)
	Retail Brands Interafrica (Pty) Ltd	**(2 793)**	–
	Sasguard (Pty) Ltd	**–**	(102)
		(72 996)	(66 779)
	Receivables from related parties are unsecured and bear no interest.		
31.8	***Loans from related parties***		
	Pioneer Foods (Pty) Ltd		
	Beginning of year	**1 308 385**	1 071 870
	Working capital utilised	**–**	436 955
	(Contributions received)/amounts paid	**–**	(302 334)
	Interest charged	**–**	110 362
	Interest received	**–**	(8 468)
	Loan converted to equity on 1 October 2013 as part of the restructuring of the Pioneer Foods Group	**(1 308 385)**	–
	End of year	**–**	1 308 385

Refer to note 14 for details of interest-bearing loans.

32. Financial instruments by category

	Loans and receivables R'000	Assets at fair value through profit and loss R'000	Total R'000
30 September 2014			
Assets as per statement of financial position			
Derivative financial instruments	–	991	991
Trade and other receivables*	333 337	–	333 337
Cash and cash equivalents	105 521	–	105 521
Total	438 858	991	439 849

	Liabilities at fair value through profit and loss R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position			
Trade and other payables^	–	363 159	363 159
Total	–	363 159	363 159

	Loans and receivables R'000	Assets at fair value through profit and loss R'000	Total R'000
30 September 2013			
Assets as per statement of financial position			
Derivative financial instruments	–	901	901
Trade and other receivables*	273 699	–	273 699
Cash and cash equivalents	24 220	–	24 220
Total	297 919	901	298 820

	Liabilities at fair value through profit and loss R'000	Other financial liabilities R'000	Total R'000
Liabilities as per statement of financial position			
Borrowings	–	1 308 385	1 308 385
Trade and other payables^	–	299 846	299 846
Total	–	1 608 231	1 608 231

Note:
* *Financial assets do not include prepaid expenses or VAT amounts receivable.*
^ *Financial liabilities do not include provisions for 13th cheque, leave or VAT amounts payable.*

33. Financial risk management

33.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board approved a broad decision-making framework in terms of which financial risks are evaluated, managed and hedged by executive management.

(a) Market risk

(i) Cash flow interest rate risk

The Group's interest rate risk arises from both financial assets and financial liabilities.

Financial liabilities exposed to interest rate risk include interest-bearing short- and long-term borrowings. The Group only borrows at variable interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Financial assets exposed to cash flow interest rate risk include cash and short-term bank deposits. The Group's cash and cash equivalents are placed with creditable financial institutions.

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, British pound, US dollar, Zambian kwacha and Ugandan shilling. Foreign exchange risk arises from future commercial transactions denominated in foreign currencies, recognised assets and liabilities denominated in foreign currencies and derivative financial instruments. Apart from the Group's exposure to trade receivables and payables and cash denominated in foreign currencies, no other financial assets or liabilities expose the Group to significant foreign exchange risk.

The Group manages short-term foreign exchange exposure relating to trade imports in terms of formal foreign exchange policies with prescribed limits. Foreign exchange risk arising from capital imports is hedged in total by means of forward exchange contracts or other appropriate hedging instruments.

Refer to note 10 for material forward foreign exchange contracts.

(iii) Price risk

The Group is not exposed to price risk of equity securities as the Group does not have material investments that are classified as available for sale on the statement of financial position.

The Group is exposed to commodity price risk. The risk arises from the Group's need to buy specific quantities and qualities of raw materials to meet its feed requirements. These raw materials include maize and soya bean meal.

33. Financial risk management continued

33.1 Financial risk factors continued

(a) Market risk continued

(iv) Sensitivity analysis

The table below summarises the impact on post-tax profit and equity of changes in market risks relating to the Group's financial instruments exposed to foreign exchange risk and cash flow interest rate risk.

Change in foreign currency

Derivative financial instruments affected by changes in exchange rates include foreign exchange contracts. The summary below reflects the results of an expected change in US dollar of 2% (2013: 1%), British pound of 1% (2013: 1%), euro of 5% (2013: 1%), Zambian kwacha of 1% (2013: 1%) and Ugandan shilling of 1% (2013: 1%), with all other variables held constant.

	2014 R'000	2013 R'000
Rand depreciates against foreign currencies		
– Increase/(decrease) in profit after income tax		
Cash and cash equivalents	**46**	1
Trade payables	**(265)**	63
Derivative financial instruments	**315**	468
	96	532

Change in interest rate

The summary below reflects the results of an expected change in the prime interest rate of 0.5% (2013: 0.5%), with all other variables held constant.

	2014 R'000	2013 R'000
Interest rate increases		
– Increase/(decrease) in profit after income tax		
Interest-bearing loans from Pioneer Foods	**–**	(4 730)
	–	(4 730)
Interest rate decreases If the prime interest rate decreases, the impact will be an increase in the profit after tax of the same amount on financial instruments.		

33. Financial risk management continued

33.1 Financial risk factors continued

(a) Market risk continued

(iv) Sensitivity analysis continued

Change in commodity prices

Derivative financial instruments affected by changes in the commodity prices relate to futures. The summary below reflects the results of an expected change in the maize price of 2%, with all other variables held constant.

	2014 R'000	2013 R'000
Commodity price increase		
– Increase in equity after income tax		
Derivative financial instruments earmarked for hedging	**541**	–
	541	–
If these prices decrease, it will result in a decrease in reserves of the same amount.		

(b) Credit risk

Financial assets that potentially subject the Group to a concentration of credit risk consist principally of cash and cash equivalents, derivative financial instruments and deposits with financial institutions, as well as credit exposure to trade receivables, including outstanding receivables and committed transactions.

The Group's credit risk exposure relating to cash and cash equivalents, derivative financial instruments and deposits with financial institutions is managed on a Group level. Cash equivalents, short-term deposits and derivative financial instruments are placed with a limited group of creditable financial institutions, all of which have a Moody's P-2 short-term credit rating. A short-term rating of P-2 indicates that the issuer has a strong ability to repay short-term debt obligations.

The Group's credit risk exposure relating to trade receivables is managed on a centralised basis. Trade receivables are subject to credit limits, credit control and credit approval procedures. The credit quality of customers is assessed, taking into account their financial position, past experience with the customer and other factors when approving new customers and determining or revising individual credit limits. The utilisation of credit limits is regularly monitored.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas. The customer base of the Group includes large national customers in the formal retail sector.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as well as financial guarantees of R2 million issued.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Pioneer Foods uses a centralised cash management approach to finance the operations of its subsidiaries. The Group utilised the loan account with Pioneer Foods to finance its working capital requirements and capital expenditure.

33. Financial risk management continued

33.1 *Financial risk factors continued*

(c) Liquidity risk continued

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed are the contractual undiscounted cash flows.

	Capital R'000	Interest R'000	Total R'000
Maturity analysis of financial liabilities			
30 September 2014			
Not later than 1 year			
Trade and other payables	**(359 127)**	**–**	**(359 127)**
	(359 127)	**–**	**(359 127)**
Between 1 and 2 years			
Borrowings excluding bank overdrafts and call loans	**–**	**–**	**–**
	–	**–**	**–**
Between 2 and 10 years			
Borrowings excluding bank overdrafts and call loans	**–**	**–**	**–**
	–	**–**	**–**
Total			
Trade and other payables	**(359 127)**	**–**	**(359 127)**
	(359 127)	**–**	**(359 127)**
30 September 2013			
Not later than 1 year			
Borrowings excluding bank overdrafts and call loans	(1 308 362)	–	(1 308 362)
Trade and other payables	(294 742)	–	(294 742)
	(1 603 104)	–	(1 603 104)
Between 1 and 2 years			
Borrowings excluding bank overdrafts and call loans	–	–	–
	–	–	–
Between 2 and 10 years			
Borrowings excluding bank overdrafts and call loans	–	–	–
	–	–	–
Total			
Borrowings excluding bank overdrafts and call loans	(1 308 362)	–	(1 308 362)
Trade and other payables	(294 742)	–	(294 742)
	(1 603 104)	–	(1 603 104)

Note:
Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, accrual for leave or VAT amounts payable.

33. Financial risk management continued

33.2 *Capital risk management*

For capital management purposes the current level of capital in the Group is defined as the difference between the total assets and total liabilities of the Group. The capital employed is managed on a basis that enables the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and bank overdrafts as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as capital and reserves attributable to owners of the parent as shown in the statement of financial position.

The main focus of the Group's capital management is to ensure liquidity, in the form of short-term borrowing facilities, in order to have sufficient available funding for the Group's working capital requirements.

33.3 *Fair value measurement*

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

Level 1:

Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

33. Financial risk management continued

33.3 *Fair value measurement continued*

The following table presents the Group's financial assets and liabilities that are measured at fair value at:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
30 September 2014			
Assets measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	991	–
Biological assets			
– Livestock	–	–	292 372
	–	991	292 372
Total assets measured at fair value			293 363
30 September 2013			
Assets measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	901	–
Biological assets			
– Livestock	–	–	276 737
	–	901	276 737
Total assets measured at fair value			277 638

33. Financial risk management continued

33.3 *Fair value measurement continued*

There were no transfers between any levels during the period, nor were there any significant changes to the valuation techniques and input used to determine fair values.

Financial instruments in level 2:

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter securities) is 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 are observable, the instrument is included in level 2.

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

Financial instruments in level 3:

The carrying amounts of cash and cash equivalents, 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.

Biological assets

The layer and broiler livestock and agricultural produce are measured at fair value which is determined by using unobservable inputs and is categorised as level 3 under the fair value hierarchy. Fair values of livestock held for breeding, laying hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

The fair value of the layer birds, which includes rearing and layer livestock, is determined by the selling prices of day-old chicks, point-of-lay hens and culls. The fair value of the layer birds at the different stages in the life cycle are based on their age, using a standard production profile.

The fair value of broiler livestock is determined by the selling prices of day-old chicks and live birds at slaughter age. The fair value of the broiler livestock at the different stages in the life cycle is determined by using a standard production profile.

Changes in the fair value are included in profit or loss, with a charge of R10 198 684 (2013: R16 019 060) being recognised as the unrealised fair value adjustment in profit or loss in the current period to adjust the biological assets to fair value.

The effect of an increase in selling prices will result in an increase in the fair value of the livestock. The key unobservable inputs, used in determining fair value and which are not interrelated, are the selling prices of day-old chicks, point-of-lay hens, culls and live birds.

34. Segment information

Management has determined the operating segments based on the reports reviewed on a regular basis by the chief operating decision-maker ("CODM") in order to make strategic decisions.

Operating segments are divided into the following:

- Eggs and layer livestock
- Broilers
- Animal feeds
- Africa
- Other

Quantum Foods includes eggs and layer livestock, broilers and animal feeds in South Africa and the businesses of Quantum Foods Zambia Ltd and Bokomo Uganda (Pty) Ltd.

The nature of the Quantum Foods Zambia and Bokomo Uganda business operations is predominantly the production of animal feeds and the production and sale of commercial eggs and day-old chicks.

The segment results disclosed per segment below are the CODM's measure of each segment's operational performance. The measure represents operating profit as per the statement of comprehensive income.

External revenue and all other items of income, expenses, profits and losses reported in the segment report are measured in a manner consistent with that in the statement of comprehensive income.

Segment assets consist of property, plant and equipment, intangible assets, inventories, biological assets, trade and other receivables and derivative financial instrument assets and exclude cash and cash equivalents, available-for-sale financial assets, investment in associates and deferred and current income tax assets.

Segment liabilities consist of trade and other payables, provisions for other liabilities and charges and derivative financial instrument liabilities, and exclude borrowings, and current and deferred income tax liabilities.

Segment capital expenditure consists of additions and replacements of property, plant and equipment and intangible assets.

34. Segment information continued

	2014 R'000	2013 R'000
Segment revenue	**3 560 943**	3 483 351
Eggs and layer livestock	**1 086 619**	1 081 384
Broilers	**1 241 320**	1 318 775
Animal feeds	**1 080 880**	988 333
Africa	**152 124**	94 859
Segment results	**(20 859)**	(251 488)
Eggs and layer livestock	**(16 435)**	(54 430)
Broilers	**(101 267)**	(312 261)
Animal feeds	**60 889**	91 661
Africa	**35 114**	20 403
Other	**840**	3 139
A reconciliation of the segment results to operating loss before income tax is provided below:		
Segment results	**(20 859)**	(251 488)
Adjusted for:		
Interest income	**5 899**	10 100
Finance costs	**(4 974)**	(111 128)
Share of profit of associated companies	**595**	335
Loss before income tax per statement of comprehensive income	**(19 339)**	(352 181)
Segment assets	**1 931 964**	1 912 521
Eggs and layer livestock	**753 485**	729 598
Broilers	**596 920**	630 180
Animal feeds	**358 054**	348 213
Africa	**199 445**	204 530
Other	**24 060**	–
A reconciliation of the segments' assets to the Group's assets is provided below:		
Segment assets per segment report	**1 931 964**	1 912 521
Adjusted for:		
Investment in associates	**6 112**	5 517
Current and deferred income tax assets	**3 051**	3 581
Cash and cash equivalents	**105 521**	24 220
Total assets per statement of financial position	**2 046 648**	1 945 839

	2014 R'000	2013 R'000
34. Segment information continued		
Total segment liabilities	**394 382**	336 750
Eggs and layer livestock	**62 202**	118 523
Broilers	**71 217**	139 060
Animal feeds	**200 448**	76 788
Africa	**13 123**	2 379
Other	**47 392**	–
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:		
Segment liabilities per segment report	**394 382**	336 750
Adjusted for:		
Non-current and current borrowings	**–**	1 308 385
Current and deferred income tax liabilities	**191 042**	198 441
Total liabilities per statement of financial position	**585 424**	1 843 576
Total segment capital expenditure (excluding business combinations)	**44 552**	166 066
Eggs and layer livestock	**6 388**	41 125
Broilers	**18 450**	97 709
Animal feeds	**4 001**	20 231
Africa	**8 670**	7 001
Other	**7 043**	–
Total segment capital expenditure (business combinations)	**–**	323 473
Eggs and layer livestock	**–**	44 000
Broilers	**–**	145 533
Africa	**–**	133 940
Total segment depreciation and amortisation	**55 344**	56 076
Eggs and layer livestock	**21 936**	20 595
Broilers	**17 165**	22 544
Animal feeds	**8 736**	8 271
Africa	**7 507**	4 666
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	**1 615**	1 058
Eggs and layer livestock	**584**	1 157
Broilers	**72**	(320)
Animal feeds	**935**	209
Africa	**24**	12
Impairment of property, plant and equipment and intangible assets before income tax	**49 478**	232 000
Eggs and layer livestock	**–**	25 891
Broilers	**49 478**	206 109

34. Segment information continued

Geographical information

The Group mainly operates in South Africa. Other operations are located in Africa. Due to the immaterial extent of operations in individual foreign countries in relation to South Africa, these foreign countries were grouped together as a single geographical segment.

Revenue derived by Group companies domiciled in the Republic of South Africa is classified as revenue from South Africa. Revenue derived by Group companies domiciled in other countries is disclosed as other African countries revenue. The same principles apply to segment assets and capital expenditure.

	2014 R'000	2013 R'000
Segment revenue	**(3 560 943)**	(3 483 351)
South Africa	**(3 408 819)**	(3 388 492)
Other African countries	**(152 124)**	(94 859)
Total segment non-current assets	**1 061 357**	1 132 722
South Africa	**908 870**	971 247
Other African countries	**152 487**	161 475
Total segment capital expenditure (excluding business combinations)	**44 552**	166 066
South Africa	**35 882**	159 065
Other African countries	**8 670**	7 001
Total segment capital expenditure (business combinations)	**–**	323 473
South Africa	**–**	189 533
Other African countries	**–**	133 940
Information regarding major customers		
During the period under review, revenue from certain customers exceeded 10% of Group revenue:		
Customer A	**656 905**	672 605
Customer B	**265 635**	340 928

Revenue from these customers is reported within all operating segments except other.

35. Retirement benefits

The Group contributes to retirement and provident funds for all its employees. These are administered by several service providers. These retirement and provident funds are defined contribution plans which are arranged and governed by the Pension Fund Act, Act 24 of 1956, and no actuarial valuation is required.

36. Events after the reporting period

Restructuring and listing of shares

On 6 October 2014, the Pioneer Foods Group unbundled its shareholding in the Group, and Quantum Foods Holdings Ltd was listed on the main board of the JSE.

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

37. Business combinations

Under common control

As described in the background to the annual financial statements, the Group acquired the following businesses from Pioneer Foods during the reporting period: the Nulaid business, Tydstroom business and the Nova Feeds business, which were divisions of Pioneer Foods (Pty) Ltd; Philadelphia Chick Breeders (Pty) Ltd; Lohmann Breeding SA (Pty) Ltd; Bokomo Uganda (Pty) Ltd; Quantum Foods Zambia Ltd and an investment in Bergsig Breeders (Pty) Ltd, classified as an associate.

The acquisition is considered to be an acquisition of businesses under common control. The acquisition is accounted for using predecessor accounting at the carrying value of the assets/liabilities at an assumed acquisition date of, 1 October 2012.

The difference between the consideration given and the book values of net assets acquired is recorded in the common control reserve in equity. A common control reserve of R160 million arose from the acquisition.

The purchase consideration was settled by the Group issuing shares to the value of R1 504 million.

Other

Other business combinations during the 2013 reporting period comprise the acquisition of the DFC Langspruit Breeder Farm, DFC Kikoesvlei Broiler Farm, Lemoenkloof Farm and Mega Eggs businesses. The following table summarises the consideration paid for the fair value of assets and liabilities acquired:

	2013 R'000
Property, plant and equipment	293 440
Inventory	1 098
Current biological assets	22 483
Trade and other payables	(2 012)
Deferred income tax liabilities	(30 033)
Goodwill on acquisition	30 033
Total purchase consideration – settled in cash	315 009

38. Remuneration of directors

	Basic salary R'000	Travel allowances R'000	Bonuses and incentives R'000	Retirement fund contributions R'000	Directors' fees R'000	Total R'000
30 September 2014						
Executive directors						
HA Lourens[1]	2 197	62	3 051	241	–	5 551
AH Muller[2]	1 191	88	750	125	–	2 154
Total executive directors	3 388	150	3 801	366	–	7 705
Non-executive directors						
N Celliers[3]	–	–	–	–	248	248
LP Retief[4]	–	–	–	–	248	248
Prof ASM Karaan[5]	–	–	–	–	344	344
PE Burton[6]	–	–	–	–	72	72
PM Roux[7]	4 446	370	8 745	920	–	14 481
Total non-executive directors	4 446	370	8 745	920	912	15 393
Total directors	7 834	520	12 546	1 286	912	23 098

Notes:

1. *HA Lourens remained an employee of Pioneer Foods until 30 September 2014. His remuneration was paid by Pioneer Foods. He will be employed by Quantum Foods from 1 October 2014.*
2. *AH Muller was appointed by Quantum Foods from 1 October 2013.*
3. *N Celliers was appointed as non-executive director of Quantum Foods on 10 June 2014. N Celliers also serves on the Board of directors of Pioneer Foods and received director's fees in the amount of R247 992 from Pioneer Foods.*
4. *LP Retief was appointed as an independent non-executive director of Quantum Foods on 10 June 2014. LP Retief also serves on the Board of directors of Pioneer Foods and received director's fees in the amount of R247 992 from Pioneer Foods.*
5. *Prof ASM Karaan was appointed as an independent non-executive director of Quantum Foods on 10 June 2014. Prof ASM Karaan also serves on the Board of directors of Pioneer Foods and received director's fees in the amount of R344 434 from Pioneer Foods.*
6. *PE Burton was appointed as an independent non-executive director of Quantum Foods on 29 July 2014. PE Burton received director's fees in his capacity as a director of Quantum Foods in the amount of R72 000, which was paid by Pioneer Foods.*
7. *PM Roux was appointed as a non-executive director of Quantum Foods on 1 August 2014. PM Roux also serves on the Board of directors of Pioneer Foods Group as an executive director and received his total remuneration from Pioneer Foods.*

39. Directors' interest in shares

As at 30 September 2014, no director had any beneficial interest, either directly or indirectly, in the issued share capital of the Company. The direct and indirect interest of the directors in the issued share capital of the Company, at the date of the unbundling of the Group, and the separate listing of the Company on the JSE, is reflected in the table below:

	Number of shares#			Percentage of issued ordinary share
	Direct	Indirect	Total	capital
6 October 2014				
HA Lourens	142 005	–	142 005	0.061
AH Muller	11 079	–	11 079	0.005
N Celliers	–	–	–	–
LP Retief	–	–	–	–
Prof ASM Karaan	–	86 147	86 147	0.037
PE Burton	–	3 000	3 000	0.001
PM Roux*	9 631	–	9 631	0.004
WA Hanekom**	324 426	441 890	766 316	0.328
	487 141	531 037	1 018 178	0.436

Notes:
** Stepped down as director on 7 October 2014.*
*** Appointed on 1 October 2014.*
 # There has been no change in the directors' interest in shares from the record date for the unbundling to the date of the approval of the annual financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Notes	2014 R'000
ASSETS		
Non-current assets		1 585 386
Investment in subsidiary	3	1 585 386
Total assets		1 585 386
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		1 585 386
Share capital	4	1 585 386
Total equity		1 585 386
Total equity and liabilities		1 585 386

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Share capital R'000	Total R'000
Balance as at 1 October 2013	–	–
Shares issued in acquisition of entities under common control	1 504 354	1 504 354
Shares issued during the reporting period	81 032	81 032
Balance as at 30 September 2014	1 585 386	1 585 386
Note	4	

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 R'000
NET CASH FLOW FROM INVESTING ACTIVITIES	(1 585 386)
Net acquisition of subsidiaries	(1 585 386)
Net cash (deficit)/surplus	(1 585 386)
NET CASH FLOW FROM FINANCING ACTIVITIES	1 585 386
Proceeds from issue of ordinary shares	1 585 386
Net increase in cash, cash equivalents and bank overdrafts	–
Net cash, cash equivalents and bank overdrafts at end of year	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

2014 R'000

1. Accounting policies

The Company applies the same principal accounting policies as the Group in the preparation of these financial statements. Refer to note 1 of the Group financial statements.

2. Critical accounting estimates and judgements

The Company applies the same accounting estimates and judgements as the Group. Refer to note 2 of the Group financial statements.

3. Interest in subsidiaries

	2014 R'000
Cost of shares	
Quantum Foods (Pty) Ltd	1 585 386
	1 585 386

The Company holds a 100% interest in the subsidiary listed above.

Total cost of investment in subsidiaries	1 585 386

The subsidiary is incorporated in South Africa.

4. Share capital

	2014 R'000
Authorised – ordinary shares	
400 000 000 (2013: nil) ordinary no par value shares	400 000 000
Issued and fully paid – ordinary shares	
233 284 332 (2013: nil) ordinary no par value shares	1 585 386

During the reporting period 233 284 332 shares were issued to Pioneer Food Group Ltd to the value of R1 585 385 564. These shares were issued as part of the restructuring of the Pioneer Food Group, whereby the Company acquired Quantum Foods (Pty) Ltd and its subsidiaries in an asset-for-share transaction.

The Company was incorporated on 7 November 2013.

5. Statement of comprehensive income

The Company did not have any transactions during the reporting period which affected its profit and loss. As such no statement of comprehensive income is presented.