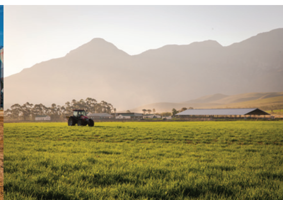
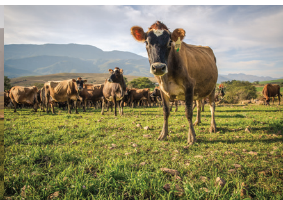
QUANTUM FOODS



Notice of Annual General Meeting

for the year ended 30 September 2015

QUANTUM FOODS HOLDINGS LTD

Notice and proxy of annual general meeting and summary consolidated financial statements for the year ended 30 September 2015

Salient features

	2015 Rm	2014 Rm
Revenue	**3 468**	3 561
Operating profit/(loss)	**164**	(21)
Operating profit (before tax and items of a capital nature)*	**162**	27
Headline earnings	**126**	26
Earnings/(loss) per share (cents)	**54**	(4)
Headline earnings per share (cents)	**54**	11
Net asset value per share (cents)	**649**	626
Final dividend per share (cents)	**10**	

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

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LETTER TO THE SHAREHOLDERS

22 December 2015

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING AND PROXY FORM

We are pleased to enclose herewith a detailed notice of Quantum Foods Holdings Ltd's ("Quantum Foods" or "the Company" or "the Group") second annual general meeting to be held at 09:00 on Friday, 19 February 2016, at Nantes Estate, R45 Noorderpaarl, Paarl.

We have also included the following:

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

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

In an effort to support environmental initiatives, printed copies of Quantum Foods' full integrated annual report with summary financial statements will only be mailed to shareholders on request from Monday, 18 January 2016. The full report and full financial statements will be available for download on our website at www.quantumfoods.co.za towards the end of December 2015.

Therefore, should you require a printed copy of the full integrated annual report with summary financial statements, please contact Veronica Basson at info@quantumfoods.co.za or Ntokozo Ndlovu at Ntokozo.Ndlovu@quantumfoods.co.za to request a copy.

Yours sincerely

NTOKOZO NDLOVU
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Notice is hereby given to all shareholders recorded in the securities register of Quantum Foods as at Friday, 11 December 2015, that the second annual general meeting of Quantum Foods will be held on Friday, 19 February 2016, at 09:00 at Nantes Estate, R45 Noorderpaarl, Paarl ("the annual general meeting" or "AGM").

PURPOSE

The purpose of the annual general meeting is to transact the business set out in the agenda below.

AGENDA

1. Presentation of the audited annual consolidated financial statements of the Company, including the reports of the directors and the audit and risk committee and the unmodified audit opinion for the year ended 30 September 2015. The audited annual consolidated financial statements are available on the Company's website at http://quantumfoods.co.za/shareholder-notices/.

2. **Resolutions:**
   - Ordinary resolutions 1 – 9
   - Special resolutions 1 – 5

ORDINARY RESOLUTIONS

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

1. **Ordinary resolution number 1**
   Re-appointment of auditors

   "Resolved that the re-appointment of PricewaterhouseCoopers Inc. as the auditors for the ensuing year on the recommendation of the audit and risk committee is hereby confirmed, that Mr DG Malan, registered in accordance with the Auditing Professions Act, Act 26 of 2005, is hereby confirmed as the individual responsible for performing the function of auditor from February 2016, and that the audit and risk committee be authorised to approve their remuneration."

   Reason for ordinary resolution number 1

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

2. Ordinary resolutions numbers 2 and 3
Re-election of directors retiring by rotation

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

2.1 Ordinary resolution number 2
Re-election of director: Mr Norman Celliers

2.2 Ordinary resolution number 3
Re-election of director: Prof. Abdus Salam Mohammad Karaan

Reason for ordinary resolutions numbers 2 and 3
The reason for ordinary resolutions numbers 2 and 3 is that these directors will retire at the AGM by rotation in terms of clause 29.3.4 of the Company's MOI and, being eligible, have availed themselves for re-election.

A brief CV of each of the directors up for re-election to the Board appears in Annexure 3 to this notice of AGM.

3. Ordinary resolution number 4
Confirmation of appointment of director: Mr Geoffrey George Fortuin

"Resolved that the appointment of Mr Geoffrey George Fortuin as director of the Company who was co-opted to the Board as a director with effect from 28 April 2015, in accordance with the provisions of clause 29.2.6 of the MOI be and is hereby confirmed."

A brief CV of Mr Geoffrey George Fortuin appears in Annexure 3 to this notice of AGM.

Reason for ordinary resolution number 4
To confirm the appointment of a director who was co-opted to the Board in terms of clause 29.2.6 of the MOI.

4. Ordinary resolution number 5
Re-appointment of member of the audit and risk committee

"Resolved that Mr Patrick Ernest Burton, being eligible and availing himself for re-appointment, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next AGM of the Company to be held in 2017."

5. Ordinary resolution number 6
Re-appointment of member of the audit and risk committee

"Resolved that Mr Geoffrey George Fortuin, being eligible and availing himself for re-appointment, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, subject to the passing of ordinary resolution number 4, until the next AGM of the Company to be held in 2017."

6. **Ordinary resolution number 7**
Re-appointment of member of the audit and risk committee
"Resolved that Prof. Abdus Salam Mohammad Karaan, being eligible and availing himself for re-appointment, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, subject to the passing of ordinary resolution number 3, until the next AGM of the Company to be held in 2017."

Reason for ordinary resolutions numbers 5 – 7
The reason for ordinary resolutions numbers 5 – 7 are that section 94(2) of the Companies Act requires the Company to elect at least three members of the audit and risk committee at each AGM. A brief CV of each of the independent non-executive directors appears in Annexure 4 to this notice. As is evident from the CVs of these directors, all of them have academic qualifications or experience in one or more of the following areas, i.e. economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources.

7. **Ordinary resolution number 8**
Approval of the amended Quantum Foods Equity-settled Phantom Share Plan
"Resolved that the definition of Baseline HEPS, as set out in clause 2.1.4 of the rules of the Quantum Foods Equity-settled Phantom Share Plan ("the Plan"), which provides as follows:

'Baseline HEPS': *the Adjusted HEPS for the Financial Year preceding each Date of Grant,* be amended as follows:

'Baseline HEPS': *the Adjusted HEPS for the Financial Year preceding each Date of Grant, save where the Adjusted HEPS for a Financial Year will create an anomaly in the calculation of the Relevant Factor, resulting in the Relevant Factor amounting to 100% in circumstances where the Company's performance during the Financial Year does not justify same (for example when a no profit or a break even scenario was achieved in the previous financial year), in which circumstances the Directors may, in their absolute and sole discretion, increase the Adjusted HEPS to ensure that the calculation of the Relevant Factor is fair and reasonable to both shareholders and Participants (for the avoidance of doubt, the Adjusted HEPS can never be decreased by the Directors);"*

Note:
At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

Reason for ordinary resolution number 8
The reason for ordinary resolution number 8 is to approve and/or ratify the amendment by the board of directors of the Company for the avoidance of doubt, in the interest of transparency, and in accordance with Schedule 14 of the Listings Requirements of the JSE, authorising them to amend the rules of the Quantum Foods Equity-settled Phantom Share Plan.

8. Ordinary resolution number 9
Non-binding endorsement of Quantum Foods' remuneration policy
"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out in Annexure 5 to the notice of AGM."

Reason for ordinary resolution number 9
The reason for ordinary resolution number 9 is that King III recommends that the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders.

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

9. Special resolution number 1
Approval of the non-executive directors' remuneration
"Resolved, in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its non-executive directors for their services rendered as directors as from 1 April 2016, until the date of the next AGM of the Company, on the basis set out below:

	Fees from 1 April 2016 until 31 March 2017 Rand
Chairman of the Board	**268 000**
Chairman/committee member	**43 000**
Board member (not serving on a committee)	**193 000"**

Reason for special resolution number 1
The reason for special resolution number 1 is to approve the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period from 1 April 2016, until the next AGM of the Company.

The effect of special resolution number 1 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next AGM of the Company.

10. Special resolution number 2
Share buy-back by the Company and its subsidiaries
"Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of the Company, the JSE Listings Requirements

and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, including, inter alia, that:

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

Reason for special resolution number 2
The reason for special resolution number 2 is to grant the directors a general authority in terms of the Company's MOI and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in the special resolution.

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

Additional information relating to special resolution number 2

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 2 to the extent that the directors, after considering the maximum number of shares to be

repurchased, are of the opinion that the position of the Company and its subsidiaries ("the Group") would not be compromised as to the following:

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

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

3. General information in respect of major shareholders and the share capital of the Company is contained on pages 32 and 20 of this notice. There has been no material change in the financial or trading position of the Company and its subsidiaries subsequent to the publication of the Company's audited financial statements for the year ended 30 September 2015.

4. It is not currently the intention of the Board to primarily avail itself of this authority to repurchase shares; however, should appropriate circumstances present themselves during the course of the financial period, the Company would like to have the ability to repurchase shares for this purpose.

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

11. Special resolution number 3

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

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

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

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

Reason for special resolution number 3
The reason for special resolution number 3 is to provide a general authority to the Board of the Company for the Company to grant direct or indirect financial assistance to any company forming part of the Company's group, including in the form of loans or the guaranteeing of their debts.

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

*By the time this notice of AGM is delivered to shareholders, the Board will have adopted a resolution (**"Section 45 Board Resolution"**) authorising the Company to provide, at any time and from time to time during the period commencing on the date on which special resolution number 3 is adopted until the date of the next Annual General Meeting of the Company, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company. The financial assistance will entail loans and other financial assistance to subsidiaries of the Company (being related or inter-related companies or corporations of the Company) for purposes of funding the activities of the Company and its group.*

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

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

12. Special resolution number 4

Financial assistance for the subscription of or acquisition of securities (as defined below) in the Company and in related and inter-related companies

"Resolved that, to the extent that this special resolution is required in terms of the Companies Act, the Board be and is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution number 4), to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), or for the purchase of any securities of the Company or a related or inter-related company, on the terms and conditions and for the amounts that the Board may determine."

The main purpose for this authority is to grant the Board the authority to authorise the Company to secure the loans of the Company and its subsidiaries for purposes of funding the activities of the Company and its group, and provide financial assistance to any person for the subscription or the purchase of any securities in the Company.

The Board undertakes that –

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

Reason for special resolution number 4
The reason for special resolution number 4 is to provide a general authority to the Board of the Company for the Company to grant financial assistance to any person by way of a loan, guarantee, the provision of security or otherwise, for the purpose of, or in connection with, the subscription of any option, or any securities issued or to be issued by the Company or related or inter-related company or for the purchase of any security of the Company or a related or inter-related company.

13. **Special resolution number 5**

Amendment to the Company's MOI

"Resolved that clauses 29.2.3.1 and 29.2.3.2 of the Company's MOI be deleted in their entirety and substituted with the following clauses:

'29.2.3.1 not later than 45 (forty five) days subsequent to the financial year-end of the Company, there shall have been delivered at the registered office of the Company a notice in writing by a Shareholder (who may also be the proposed Director) who is entitled to be present and to vote at the general meeting for which such notice was given;

29.2.3.2 [deleted]' "

Reason for special resolution number 5
The reason for special resolution number 5 is to remove the administrative burdensome and costly nomination procedures for the appointment of directors of the Company contained in the MOI of the Company, and to provide shareholders with the opportunity to propose nominees for election as directors in a simpler and more effective manner that is common practice for public companies."

14. **To transact any other business that may be transacted at an AGM of the Company.**

RECORD DATES

The record date in terms of section 59 of the Companies Act for shareholders to be recorded in the securities register of the Company in order to receive notice of the AGM is Friday, 11 December 2015.

The record date in terms of section 59 of the Companies Act for shareholders to be recorded in the securities register of the Company in order to be able to attend, participate and vote at the AGM is Friday, 12 February 2016, with the last day to trade being Friday, 5 February 2016.

APPROVALS REQUIRED FOR ORDINARY AND SPECIAL RESOLUTIONS

Ordinary resolutions numbers 1 to 7 and 9 contained in this notice of AGM require approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements.

Ordinary resolution number 8 and special resolutions numbers 1 to 5 contained in this notice of AGM require approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES

Shareholders who have not dematerialised their shares, or who have dematerialised their shares with "own name" registration, are entitled to attend and vote at the AGM and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the Company. Proxy forms must be lodged with the transfer secretaries of the Company, being Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by no later than **Wednesday, 17 February 2016**, at 09:00 (South African time).

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

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

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

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder shall be entitled to the number of votes determined in accordance with the voting rights associated with the shares held in the Company.

PROOF OF IDENTIFICATION REQUIRED

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

By order of the Board

INT NDLOVU
Company Secretary
Quantum Foods Holdings Ltd
22 December 2015

ANNEXURE 1

QUANTUM FOODS HOLDINGS LTD SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

COMMENTARY

Introduction

2015 was a historic year for Quantum Foods, being our first operating as a stand-alone listed entity. The Group was listed on the JSE on 6 October 2014. Improved financial results were achieved, driven by a significant change in the business model, as well as favourable trading conditions.

Financial overview

Group revenue decreased by 2.6% to R3.5 billion. Revenue from South African operations declined by R119.8 million (3.5%), mostly in the broiler segment due to the change in business model at the Western Cape operations. Revenue increased in the feeds and eggs and layer livestock segments due to improved volumes and selling prices. Revenue from African operations increased by R27.1 million (17.8%) and contributed 5.2% to Group revenue for 2015.

Cost of sales decreased by 4.0% to R2.9 billion. Cost of sales includes the biological assets (livestock) and agricultural produce (eggs) fair value adjustments that were realised and included in other gains and losses in the statement of comprehensive income. These fair value adjustments for the year ended September 2015 amounted to R238.0 million (2014: R112.5 million). Gross profit, excluding these fair value adjustments, improved by R151.5 million, resulting in a gross profit margin of 24.3% compared to 19.4% in 2014.

Cash operating expenses decreased further in 2015, following the closure of the Durbanville abattoir in the Western Cape. Various cost-saving initiatives, especially the remodelling of distribution, also contributed positively.

Operating profit increased by R184.9 million from a loss of R20.9 million in 2014. The 2014 operating loss included an impairment expense of R49.5 million. Operating profit in the South African operations improved by R202.6 million to R145.8 million at a margin of 4.4% (2014: -0.2%) with improvements in all three business segments. Operating profit in Africa declined by R9.8 million to R25.3 million at a margin of 14.1%.

Headline earnings per share ("HEPS") improved to 54 cents from the 11 cents per share of 2014.

Cash generated from operations amounted to R163.8 million in 2015. This includes an additional investment in working capital of R53.6 million. Capital expenditure for the year amounted to R81.2 million, R31.9 million of which was incurred on the table egg expansion projects in Zambia and Uganda. South African capital expenditure includes R17.5 million for the acquisition of Safe Eggs, a pasteurised table egg business, during the year.

The Group had no interest-bearing debt at 30 September 2015.

Operational overview

For companies in the poultry sector, trading conditions in South Africa improved in the period under review. Maize and soya meal costs were lower than in 2014, despite substantial increases in the second half of the year, following the much lower than expected South African maize crop and the further weakening of the rand.

Egg prices improved due to a balanced supply and demand in the market, and broiler prices increased despite the continued increase in imports.

Animal feeds

The animal feeds business continued its growth of recent years. External sales volumes increased by 7.7% and margins improved due to judicious procurement practices and the continuous drive to reduce costs and increase efficiencies.

Eggs and layer livestock

The eggs and layer livestock business performance improved from a loss in 2014 to achieving an operating margin of 3.5% in 2015. Layer livestock volumes increased satisfactorily, while egg volumes were slightly lower, with average selling prices improving by 4.7%.

Broilers

The broiler business showed a marked improvement in financial performance. The change in the business model in the Western Cape was successfully executed and yielded a return to profitability. The Gauteng business improved, but remained loss-making. The Gauteng abattoir was sold to Sovereign Foods in October 2015, resulting in an aligned broiler business model. Quantum Foods is now the biggest broiler contract grower in South Africa, supplying its own feed and day-old chicks.

African operations

The rapid weakening of the Zambian kwacha against the rand, as well as the US dollar, combined with the effect on profitability of an oversupply of day-old broilers, had a negative impact on the financial results of the Zambian business. The operation of a distribution centre in Zambia was terminated during the year to focus on core operations, while egg production capacity was increased with the rental of a farm in the Chipata region. The Zambian business remained very profitable. The project to increase egg production capacity at the Mega Eggs farm in the Copperbelt has progressed according to plan with egg production expected to commence in July 2016.

The Ugandan business also experienced a decline in financial results, mainly due to an increased cost base required for expansion. The establishment of a commercial layer farm near Masindi is slightly behind schedule, and the Group expects egg production to start in the second half of 2016.

Prospects

The South African economy remains under pressure due to a weakening currency and muted consumer spending. While trading conditions were favourable for Quantum Foods during the 2015 financial year, we expect high input costs coupled with a weak economy to put pressure on the Group's profitability in 2016.

Due to the repositioning of the Group, some of these risks have now been mitigated. This, together with various supply chain and cost-saving initiatives, the continued relentless focus on efficiencies and further growth prospects in the feeds, layer livestock and businesses on the African continent, should assist the Group in navigating the anticipated headwinds successfully.

Dividend

A maiden gross dividend of 10 cents per share from income reserves has been approved and declared by the Board for the year ended 30 September 2015. The applicable dates are as follows:

Last date of trading cum dividend	Friday, 5 February 2016
Trading ex dividend commences	Monday, 8 February 2016
Record date	Friday, 12 February 2016
Dividend payable	Monday, 15 February 2016

Share certificates may not be dematerialised or materialised between Monday, 8 February 2016 and Friday, 12 February 2016, both days inclusive.

By order of the Board

WA HANEKOM
Chairman

HA LOURENS
Chief Executive Officer

Wellington
23 November 2015

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF QUANTUM FOODS HOLDINGS LTD

The summary consolidated financial statements of Quantum Foods Holdings Ltd, set out on pages 18 to 32, which comprise the summary consolidated statement of financial position as at 30 September 2015, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Quantum Foods Holdings Ltd for the year ended 30 September 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 23 November 2015. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: 'Other Reports Required by the Companies Act' (refer below).

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

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Ltd's (JSE) requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Quantum Foods Holdings Ltd for the year ended 30 September 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The 'Other Reports Required by the Companies Act' paragraph in our audit report dated 23 November 2015 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2015, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DG Malan
Registered Auditor

Paarl
23 November 2015

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		**945 625**	1 061 357
Property, plant and equipment	3	**923 322**	1 045 078
Intangible assets		**12 784**	7 116
Investment in associate		**6 731**	6 112
Deferred income tax		**2 788**	3 051
Current assets		**1 053 062**	985 291
Inventories		**234 566**	232 544
Biological assets		**288 775**	292 372
Trade and other receivables		**334 794**	353 863
Derivative financial instruments		**7 424**	991
Cash and cash equivalents		**187 503**	105 521
Assets held for sale	10	**83 399**	–
Total assets		**2 082 086**	2 046 648
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		**1 514 567**	1 461 224
Share capital		**1 585 386**	1 585 386
Other reserves		**(228 968)**	(155 395)
Retained earnings		**158 149**	31 233
Total equity		**1 514 567**	1 461 224
Non-current liabilities		**220 747**	195 922
Deferred income tax		**214 258**	189 577
Provisions for other liabilities and charges		**6 489**	6 345
Current liabilities		**346 772**	389 502
Trade and other payables		**343 890**	388 037
Current income tax		**2 882**	1 465
Total liabilities		**567 519**	585 424
Total equity and liabilities		**2 082 086**	2 046 648

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	2015 R'000	2014 R'000
Revenue		**3 468 312**	3 560 943
Cost of sales		**(2 864 073)**	(2 982 629)
Gross profit		**604 239**	578 314
Other income		**11 639**	14 450
Other gains/(losses) – net	4	**238 482**	74 767
Sales and distribution costs		**(193 631)**	(261 203)
Marketing costs		**(11 287)**	(9 080)
Administrative expenses		**(96 168)**	(95 284)
Other operating expenses		**(389 212)**	(322 823)
Operating profit/(loss)		**164 062**	(20 859)
Investment income		**9 886**	5 899
Finance costs		**(1 887)**	(4 974)
Share of profit of associate company		**619**	595
Profit/(loss) before income tax		**172 680**	(19 339)
Income tax (expense)/credit		**(45 764)**	10 852
Profit/(loss) for the year		**126 916**	(8 487)
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		**796**	238
For the year		**16 851**	331
Deferred income tax effect		**–**	(93)
Current income tax effect		**(4 718)**	–
Realised to profit or loss		**(15 747)**	–
Deferred income tax effect		**93**	–
Current income tax effect		**4 317**	–
Movement on foreign currency translation reserve			
Currency translation differences		**(75 513)**	(19 927)
Total comprehensive income/(loss) for the year		**52 199**	(28 176)
Profit/(loss) for the year attributable to owners of the parent		**126 916**	(8 487)
Total comprehensive income/(loss) for the year attributable to owners of the parent		**52 199**	(28 176)
Earnings/(loss) per ordinary share (cents)	5	**54**	(4)
Diluted earnings/(loss) per ordinary share (cents)	5	**54**	(4)

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 R'000	2014 R'000
Share capital	**1 585 386**	1 585 386
Opening balance	**1 585 386**	–
Borrowings and net invested equity capitalised during the year	**–**	1 344 176
Common control transaction	**–**	160 178
Shares issued during the year	**–**	81 032
Net invested equity	**–**	–
Opening balance	**–**	38 071
Net invested equity capitalised during the year	**–**	(38 071)
Other reserves	**(228 968)**	(155 395)
Opening balance	**(155 395)**	24 472
Other comprehensive income/(loss) for the year	**(74 717)**	(19 689)
Recognition of share-based payments	**1 144**	–
Common control transaction	**–**	(160 178)
Retained earnings	**158 149**	31 233
Opening balance	**31 233**	39 720
Profit/(loss) for the year	**126 916**	(8 487)
Total equity	**1 514 567**	1 461 224

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 R'000	2014 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**163 819**	41 946
Net cash profit from operating activities		**232 127**	70 945
Working capital changes		**(53 630)**	(27 649)
Cash effect of hedging activities		**1 104**	–
Net cash generated from operations		**179 601**	43 296
Income tax paid		**(15 782)**	(1 350)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(62 031)**	(35 359)
Additions to property, plant and equipment		**(58 323)**	(37 364)
Additions to intangible assets		**(5 389)**	(7 188)
Proceeds on disposal of property, plant and equipment		**9 295**	3 294
Business combination	9	**(17 500)**	–
Interest received		**9 886**	5 899
Net cash surplus		**101 788**	6 587
NET CASH FLOW FROM FINANCING ACTIVITIES		**(1 370)**	76 752
Proceeds from issue of ordinary shares		**–**	81 032
Interest paid		**(1 370)**	(4 280)
Net increase in cash and cash equivalents		**100 418**	83 339
Effects of exchange rate changes		**(18 436)**	(2 038)
Net cash and cash equivalents at beginning of year		**105 521**	24 220
Net cash and cash equivalents at end of year		**187 503**	105 521

SUMMARY CONSOLIDATED SEGMENT REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015 R'000	2014 R'000
Segment revenue	**3 468 312**	3 560 943
Eggs and layer livestock	**1 154 315**	1 086 619
Broilers	**1 034 834**	1 241 320
Animal feeds	**1 099 905**	1 080 880
Africa	**179 258**	152 124
Segment results	**164 062**	(20 859)
Eggs and layer livestock	**40 571**	(16 435)
Broilers	**39 706**	(101 267)
Animal feeds	**65 493**	60 889
Africa	**25 286**	35 114
Unallocated	**(6 994)**	840
A reconciliation of the segment results to operating profit/(loss) before income tax is provided below:		
Segment results	**164 062**	(20 859)
Adjusted for:		
Investment income	**9 886**	5 899
Finance costs	**(1 887)**	(4 974)
Share of profit of associate company	**619**	595
Profit/(loss) before income tax per statement of comprehensive income	**172 680**	(19 339)
Items of a capital nature per segment included in other gains/(losses) – net		
Impairment of property, plant, equipment and intangible assets before income tax	**–**	49 478
Broilers	**–**	49 478
Segment assets	**1 885 064**	1 931 964
Eggs and layer livestock	**736 872**	753 485
Broilers	**568 344**	596 920
Animal feeds	**390 376**	358 054
Africa	**168 645**	199 445
Other	**20 827**	24 060

	2015 R'000	2014 R'000
A reconciliation of the segments' assets to the Group's assets is provided below:		
Segment assets per segment report	**1 885 064**	1 931 964
Adjusted for:		
Investment in associate	**6 731**	6 112
Deferred income tax assets	**2 788**	3 051
Cash and cash equivalents	**187 503**	105 521
Total assets per statement of financial position	**2 082 086**	2 046 648
Total segment liabilities	**350 379**	394 382
Eggs and layer livestock	**84 456**	62 202
Broilers	**53 258**	71 217
Animal feeds	**150 890**	200 448
Africa	**18 686**	13 123
Other	**43 089**	47 392
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:		
Segment liabilities per segment report	**350 379**	394 382
Adjusted for:		
Current and deferred income tax liabilities	**217 140**	191 042
Total liabilities per statement of financial position	**567 519**	585 424
Total assets held for sale	**83 399**	–
Broilers	**83 399**	–

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

BACKGROUND

The Group was established during the previous reporting period when the business of the Pioneer Food Group Ltd ("Pioneer Foods") related to the production of eggs, chicken products, animal feed and poultry livestock was incorporated as Quantum Foods. The Group comprises the following businesses: the Nulaid eggs and layer livestock business, the Tydstroom broiler business and the Nova feeds business, which are divisions of Quantum Foods (Pty) Ltd; Philadelphia Chick Breeders (Pty) Ltd; Lohmann Breeding SA (Pty) Ltd; Quantum Foods Uganda Ltd; Quantum Foods Zambia Ltd and an investment in Bergsig Breeders (Pty) Ltd, classified as an associate.

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Ltd ("JSE") for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated annual financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

2. ACCOUNTING POLICIES

These summary consolidated financial statements incorporate accounting policies that are consistent with those applied in the Group's consolidated financial statements for the year ended 30 September 2015 and with those of previous financial years, except for the adoption of the following amendments to published standards and interpretations that became effective for the current reporting period beginning on 1 October 2014:

- Amendments to IAS 32 – Financial instruments: Presentation
- Amendments to IAS 36 – Impairment of assets
- Improvements to IFRSs 2013

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

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Total R'000
30 September 2015				
Cost				
At 1 October 2014	**487 273**	**1 104 362**	**44 389**	**1 636 024**
Additions	**19 230**	**37 759**	**1 334**	**58 323**
Transfers	**2 979**	**(2 979)**	**–**	**–**
Business combinations	**–**	**15 500**	**–**	**15 500**
Foreign exchange adjustment	**(25 100)**	**(30 846)**	**(2 369)**	**(58 315)**
Disposals	**(11 485)**	**(5 586)**	**(4 327)**	**(21 398)**
Transferred to assets held for sale	**(74 842)**	**(85 546)**	**(789)**	**(161 177)**
At 30 September 2015	**398 055**	**1 032 664**	**38 238**	**1 468 957**
Accumulated depreciation and impairment				
At 1 October 2014	(137 944)	(433 892)	(19 110)	(590 946)
Charge for the year	(9 100)	(42 651)	(3 256)	(55 007)
Foreign exchange adjustment	3 553	3 927	1 377	8 857
Depreciation on disposals	7 321	3 885	2 477	13 683
Transferred to assets held for sale	25 170	52 177	431	77 778
At 30 September 2015	(111 000)	(416 554)	(18 081)	(545 635)
Net book value at 30 September 2015	287 055	616 110	20 157	923 322

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015 (CONTINUED)

	2015 R'000	2014 R'000
4. OTHER GAINS/(LOSSES) – NET		
Biological assets fair value adjustment	**111 882**	51 950
Unrealised – reflected in carrying amount of biological assets	**(4 489)**	9 767
Realised – reflected in cost of goods sold	**116 371**	42 183
Agricultural produce fair value adjustment	**121 128**	70 722
Foreign exchange differences	**4 000**	(272)
Foreign exchange contract fair value adjustments	**(108)**	230
Profit on disposal of property, plant and equipment	**1 580**	1 615
Impairment of property, plant and equipment	**-**	(49 478)
	238 482	74 767

	2015 R'000	2014 R'000
5. 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:		
Profit/(loss) for the year attributable to owners of the parent	**126 916**	(8 487)
Headline earnings is 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/(loss) attributable to owners of the parent and headline earnings		
Profit/(loss) for the year attributable to owners of the parent	**126 916**	(8 487)
Remeasurement of items of a capital nature		
Profit on disposal of property, plant and equipment	**(1 000)**	(1 312)
Gross	**(1 580)**	(1 615)
Tax effect	**580**	303
Impairment of property, plant and equipment	**–**	35 840
Gross	**–**	49 478
Tax effect	**–**	(13 638)
Headline earnings for the year	**125 916**	26 041
Weighted average number of ordinary shares in issue ('000)*	**233 249**	233 249
Earnings/(loss) per share (cents)		
Basic and diluted	**54**	(4)
Headline earnings per share (cents)		
Basic and diluted	**54**	11

* *The loss per share and headline earnings per share for the previous reporting period set out above were based on Quantum Foods' actual number of shares in issue on 6 October 2014, the date of listing on the JSE, being 233 248 590 shares.*

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015 (CONTINUED)

	2015 R'000	2014 R'000
6. CONTINGENT LIABILITIES		
Guarantees in terms of loans by third parties to contracted service providers	**42 300**	45 900

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 claim from one of the six contract producers is 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 four egg contract producers. A further contract producer withdrew its claim. These settlements had no adverse financial impact on Pioneer Foods.

Pioneer Foods filed a plea in respect of the remaining claim as well as a counterclaim to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producer. Pioneer Foods is awaiting the setting of a trial date in this matter.

Although the claims were brought against Pioneer Foods, the Group indemnified Pioneer Foods against any damages that may be suffered as a result of same in terms of the internal restructuring agreements when it acquired the egg business.

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

Termination of contract

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

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

7. FUTURE CAPITAL COMMITMENTS

Capital expenditure approved by the Board and contracted for amount to R49.0 million (30 September 2014: R40.5 million). Capital expenditure approved by the Board, but not contracted for, amount to R113.0 million (30 September 2014: R73.8 million). This amount includes the approved acquisition of the Olifantskop feed mill, as well as the possible acquisition of a business in another African country.

8. 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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2015:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
Assets measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	4	–
– Fair value hedges	–	7 420	–
	–	7 424	–
Total assets measured at fair value			7 424

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

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015 (CONTINUED)

9. BUSINESS COMBINATION

During the year under review, the following business was acquired and all assets and liabilities relating to this acquisition has been accounted for on the acquisition basis:

	2015 R'000
Safe Eggs – Pasteurised eggs (on 20 April 2015)	
Fair value	
Property, plant and equipment	15 500
Trademarks	1 544
Inventory	510
Trade and other payables	(54)
Purchase consideration – settled in cash	17 500
Reason for business combination	
To enter into a new market segment in the egg industry. Pasteurised eggs is a value added product.	
Contribution since acquisition	
Revenue	12 602
Operating profit before finance cost and income tax	837
Pro forma contribution assuming the acquisition was at the beginning of the year	
Revenue	30 245
Operating profit before finance cost and income tax	2 009

10. ASSETS HELD FOR SALE

The Group's shareholders were advised on SENS on 11 May 2015 of an agreement entered into with Sovereign Food Investments Ltd, in terms of which the Group will dispose of the Tydstroom Abattoir business in Hartbeespoort, as a going concern. The Tydstroom Abattoir business in Hartbeespoort, relates to the slaughtering and processing of broilers for human consumption.

Accordingly, the Tydstroom Abattoir business in Hartbeespoort has been treated as an "asset held for sale" in terms of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* for the year ended 30 September 2015.

The disposal will result in the Group exiting the broiler meat market served from the Hartbeespoort abattoir in Gauteng. It will furthermore result in an aligned broiler business model for the Group in both the Western Cape and Gauteng, with the Group being a contract producer of live broilers and not participating directly in the broiler meat market.

The Group's shareholders were advised on SENS on 7 October 2015 that all of the conditions precedent to the sale have been fulfilled and accordingly the sale is unconditional, with an effective date of 19 October 2015.

	2015 R'000
Assets of the disposal group classified as held for sale	
Property, plant and equipment	83 399
	83 399

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015 (CONTINUED)

11. EVENTS AFTER THE REPORTING PERIOD

Dividend

A final dividend of 10 cents per ordinary share has been declared for the year, on 23 November 2015. This will only be reflected in the statement of changes in equity in the next reporting period.

Additional information disclosed

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

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

The net dividend amounts to 8.5 cents per ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 10.0 cents per ordinary share for shareholders exempt from paying dividends tax.

The number of issued ordinary shares is 233 248 590 as at the date of this declaration.

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

12. PREPARATION OF FINANCIAL STATEMENTS

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

13. AUDIT

The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

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

ANNEXURE 2

SHAREHOLDER ANALYSIS

Category	Number of ordinary share-holders	% of share-holders	Number of ordinary shares	% of total ordinary shares
Ordinary shares				
Individuals	4 173	80%	32 766 871	14%
Nominees and trusts	543	10%	15 071 173	6%
Investment companies and corporate bodies	547	10%	185 410 546	80%
	5 263	100%	233 248 590	100%

Non-public/public shareholders

Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2015, is as follows:

Category	Number of ordinary share-holders	% of share-holders	Number of ordinary shares	% of total ordinary shares
Analysis of shareholding – ordinary shares				
Public shareholding				
Major shareholding				
Allan Gray (on behalf of clients)	1	0%	34 653 506	14.9%
Coronation (on behalf of clients)	1	0%	29 015 921	12.4%
Other shareholders	5 255	100%	101 526 228	43.5%
Non-public shareholding				
Major shareholding				
Zeder Investments Ltd	1	0%	61 620 084	26.4%
Other shareholders				
Directors	5	0%	6 432 851	2.8%
	5 263	100%	233 248 590	100%

Distribution of ordinary shareholders

Number of shares	Number of ordinary share-holders	% of share-holders	Number of ordinary shares	% of total ordinary shares
1 – 1 000 shares	2 388	45%	751 521	0%
1 001 – 10 000 shares	1 786	34%	7 067 970	3%
10 001 – 100 000 shares	871	17%	28 349 986	12%
100 001 – 1 000 000 shares	181	3%	48 263 956	21%
1 000 001 shares and over	37	1%	148 815 157	64%
	5 263	100%	233 248 590	100%

ANNEXURE 3

DIRECTORS UP FOR RE-ELECTION

Norman Celliers (42)
BEng (Civil), MBA
Non-executive director

Norman is the CEO of Zeder Investments Ltd. His professional experience includes engineering, management consulting and private equity in South Africa and abroad. He serves as a director on various boards. He was appointed to the Board on 10 June 2014.

Geoffrey George Fortuin (48)
BCom (Acc), BCom (Acc) (Hons), CA(SA)
Independent, non-executive director

Geoff is a qualified chartered accountant and practised as a Partner at Deloitte & Touche for 15 years during which time he was responsible for a number of South African listed companies. He was also a member of the Deloitte South Africa Board. Geoff is currently the Managing Executive (Finance) of Brimstone Investment Corporation Ltd. Geoff was appointed to the board on 28 April 2015.

Prof. Abdus Salam Mohammad (Mohammad) Karaan (47)
BSc Agric, BSc Agric (Hons), MSc Agric, PhD (Agric)
Independent non-executive director

Mohammad joined the Development Bank of Southern Africa in Johannesburg as an economist and later returned to Stellenbosch to join the Rural Foundation as head of research. In 1997, he joined the University of Stellenbosch as a lecturer in the Faculty of Agriculture. In October 2008, he became dean of the Faculty of AgriSciences at the University of Stellenbosch and serves on various boards.

He was appointed to the Board on 10 June 2014.

ANNEXURE 4

MEMBERS OF THE AUDIT AND RISK COMMITTEE

Current and re-appointment:

Patrick Ernest Burton (62)
BCom (Hons) Financial Management, HDip in Tax Law
Independent non-executive director

Patrick was one of the founding members of Siphumelele Investments Ltd, a black economic empowerment company established in 1995 with a shareholder base representing in excess of 150 000 previously disadvantaged individuals. His experience as a director includes non-executive positions in fishing and food, investment and property holding companies and financial services. Patrick sits on the board of directors of various listed and unlisted companies. He was appointed to the Board on 29 July 2014.

Prof. Abdus Salam Mohammad Karaan (47)
BSc Agric, BSc Agric (Hons), MSc Agric, PhD (Agric)
Independent and non-executive director

Mohammad joined the Development Bank of Southern Africa in Johannesburg as an economist and later returned to Stellenbosch to join the Rural Foundation as head of research. In 1997, he joined Stellenbosch University as a lecturer in the Agricultural Faculty. In October 2008, he became dean of the Faculty of AgriSciences at Stellenbosch University. He serves on various boards. Mohammad was appointed to the Board on 10 June 2014.

Geoffrey George Fortuin (48)
BCom (Acc), BCom (Acc) (Hons), CA(SA)
Independent and non-executive director

Geoff is a qualified chartered accountant and practised as a Partner at Deloitte & Touche for 15 years during which time he was responsible for a number of South African listed companies. He was also a member of the Deloitte South Africa Board. Geoff is currently the Managing Executive (Finance) of Brimstone Investment Corporation Ltd. Geoff was appointed to the board on 28 April 2015.

ANNEXURE 5

REMUNERATION

Remuneration approach

Remuneration strategies aim to attract, motivate and retain competent and committed employees who provide strategic direction and drive sustainable shareholder value. Therefore it seeks to reward employees at market-related levels according to their contribution to the Company's operating and financial performance. This covers basic pay, short and long-term incentives, which include share incentives – a critical element of executive incentive pay.

Quantum Foods usually structures packages on a total cost-to-company ("CTC") basis, which incorporate base pay, car allowance, medical and retirement benefits. Remuneration packages are reviewed annually according to a formal system that includes job evaluation, performance assessment, and market comparisons.

Remuneration policy

The Company's remuneration philosophy, strategy, and policy have been approved by the remuneration and human capital committee of the Board.

The remuneration strategy's main aim is to enable the Company to develop, motivate and retain an internal human capital pipeline and, when necessary, attract the requisite skills from the labour market to enable the business's growth strategy.

The pay mix comprises a combination of guaranteed pay (total CTC) and variable pay (short and long-term incentives). Incentives will depend on the level of seniority in the organisational hierarchy.

Guaranteed pay

Guaranteed pay is generally referenced to the job family market median.

Short-term incentive

The short-term incentive ("STI") is essentially a performance bonus that is designed to incentivise management to drive business performance and increase shareholder value.

The STI scheme is based on three elements of performance measurement:

- Growth in the Group's headline earnings before tax ("HEBT") –
  - The growth calculation is based on an audited and agreed comparative base for the previous financial year; 40% of any bonus is dependent on this element.
- Growth in the Group's economic profit ("EP") over a rolling three year period –
  - The calculation will be based on the weighted average cost of capital over a rolling three year period – applied to the average net asset base of the Group; 40% of any bonus payable is dependent on this element.
- Achievement of farming production efficiency targets –
  - 20% of any bonus payable is dependent on this element.

Hurdle rates for minimum HEBT and farming production efficiency targets before any bonus can be paid will be determined annually by the Board, as well as hurdle rates for HEBT and farming production efficiency targets that can result in maximum bonus being paid.

ANNEXURE 5 (CONTINUED)

The percentage of growth in EP included in the bonus pool will be determined annually by the Board.

A maximum bonus pool will be calculated annually to govern the total amount of the STI payable as follows:

- Annual CTC of participating executives and senior managers using maximum bonus multiples of between 15% and 100% of CTC.
- The bonus pool is self-funding; achievement of targets for growth in HEBT and EP is calculated after any bonus pool has been taken into account.
- The bonus pool for farming production efficiency targets is not dependent on the achievement of targets for HEBT and PBT.

Long-term incentive

The purpose of the long-term incentive ("LTI") scheme is to align management and shareholder interests, and to enable the attraction and retention of key managers over the long term. Essentially the LTI is a share appreciation rights scheme ("SAR scheme") and is equity-settled.

The Remuneration and Human Capital Committee determines the share allocation to qualifying managers annually for the SAR scheme. Multiples of annual CTC will determine the annual allocation of SARs to qualifying employees varying between one and seven times. In determining the annual top up allocations, only unvested allocations of the past will be taken into account.

The vesting of 50% of SARs allocated is dependent on performance measures – compound average growth ("CAGR") in Group headline earnings per share ("HEPS") of CPI plus 1% growth is the hurdle for vesting. In terms of the Rules of the SAR plan the Board increased the baseline HEPS for the 2015 allocation to 28.1 cents per share from the actual 11.2 cents per share recorded in 2014, so that the target for the vesting of this component is fair and reasonable to both shareholders and participants. The total 100% vesting will therefore be realisable at CAGR in HEPS growth of CPI plus 5% from the revised baseline of 28.1 cents per share. The remaining 50% is time dependent.

A third of the shares vest after three years, another third after four years and another third after five years to ensure that the LTI keeps employees productively engaged for the duration of this period. No qualifying employee can be allocated more than 1 million ordinary shares, once converted.

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

The total number of ordinary shares that may be transferred to employees under the SAR scheme is limited to 14.5 million shares. During the year under review, 6 210 491 SAR's at a strike price of R3.148 per share were granted.

ANNEXURE 6

GOING CONCERN STATEMENT

The audit and risk committee ("the committee") has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Company and has made recommendations to the Board in accordance therewith. The Board's statement regarding the going concern status of the Company, as supported by the committee, is included in the directors' responsibility report included in the integrated Report.

ANNEXURE 7

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. These conform to IFRS and fairly present the state of 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 that 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 were approved by the Board on 23 November 2015 and are signed on its behalf by:

WA HANEKOM
Chairman

HA LOURENS
Chief Executive Officer

ANNEXURE 8

DIRECTORS' INTEREST IN SHARES

As at 30 September 2015, the aggregate of the direct and beneficial interest of directors was 2.76% (2014: 0.44%) of the issued share capital of the Company. Indirect interest through listed public companies have not been taken into account. Individual directors' interest in the issued share capital of the Company is reflected below.

Since the end of the financial year and until the date of the annual report there were no material changes in the interest of the directors.

	Number of shares[#]			
	Direct	Indirect	Total	% of issued ordinary share capital
30 September 2015				
HA Lourens	402 005	–	402 005	0.172
AH Muller	131 079	–	131 079	0.056
WA Hanekom (1 October 2014)*	–	5 810 620	5 810 620	2.491
N Celliers	–	–	–	–
Prof ASM Karaan	–	86 147	86 147	0.037
PE Burton	–	3 000	3 000	0.001
GG Fortuin (28 April 2015)*	–	–	–	–
LP Retief (19 February 2015)**	–	–	–	–
	533 084	5 899 767	6 432 851	2.758

Notes:

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

* *Appointed during the year.*

** *Resigned as director during the year.*

ANNEXURE 8 (CONTINUED)

As at 30 September 2014, no director had any beneficial interest, either directly or indirectly, 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, the direct and indirect interest of the directors in the issued share capital of the Company are reflected in the table below:

	Number of shares[#]			
	Direct	Indirect	Total	% of issued ordinary share capital
10 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 (7 October 2014)**	9 631	–	9 631	0.004
WA Hanekom (1 October 2014)*	324 426	441 890	766 316	0.328
	487 141	531 037	1 018 178	0.436

Notes:

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

* *Appointed during the year.*

** *Resigned as director during the year.*

ANNEXURE 9

SOCIAL AND ETHICS REPORT

Report of the Social and Ethics Committee ("SEC")

The SEC is chaired by Prof. ASM Karaan. Mr JJ Murray and Ms HE Pether are members of the committee. The CEO and CFO are permanent invitees of the committee.

During the reporting period, the SEC reviewed the committee charter and work plan. The SEC is guided by the five main focus areas set out in regulation 43 of the Companies Regulations, 2011. These are:

- Social and economic development
- Good corporate citizenship
- Environment, health and safety
- Consumer relationships
- Labour and employment

The committee monitored the following matters:

- BBBEE and targets – the Group was evaluated for the first time during the year. The committee will assist with the establishment and improvement of targets to ensure that Quantum Foods improves its compliance with BBBEE legislation.
- Sponsorships and charitable donations – the committee monitored the various product donations and approved a social responsibility project.
- Water, energy and waste disposal management – a report containing usage details is monitored biannually.
- Occupational health and safety compliance – the committee noted progress in obtaining occupational health and safety certificates for various premises of the business, which is an ongoing process. Capital has been allocated per annum to ensure compliance.
- Customer complaints and food safety – the committee monitored customer complaints and food safety and is satisfied that such matters were adequately monitored and dealt with.
- Employment equity and training – the committee monitored employment equity and training.
- Animal welfare – the committee monitored engagement with the NSPCA and other stakeholders to ensure that animal welfare remains a priority.
- Ethics management – the committee monitored adherence to the code of conduct.

The SEC evaluated and approved the non-financial information contained in the integrated report.

PROF. ASM KARAAN
Chairman
Wellington
23 November 2015

CORPORATE INFORMATION

QUANTUM FOODS HOLDINGS LTD

Incorporated in the Republic of South Africa
Registration number: 2013/208598/06
Share code: QFH ISIN code: ZAE000193686

DIRECTORS

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

* *Executive*

COMPANY SECRETARY

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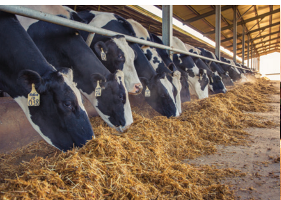   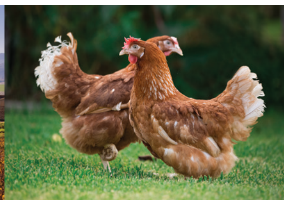

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