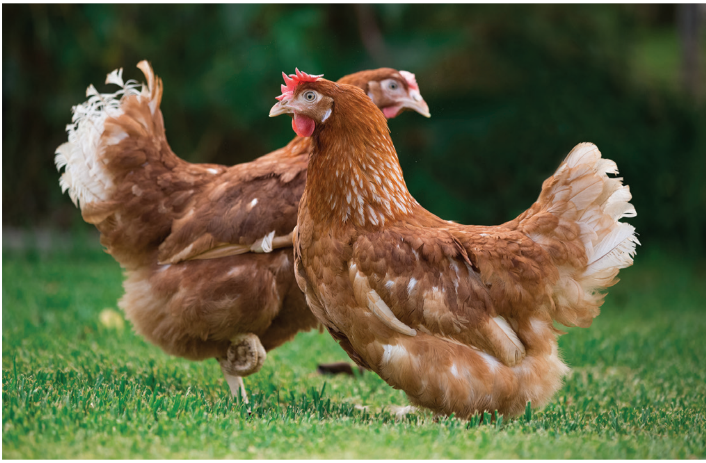


QUANTUM FOODS

Notice of Annual General Meeting

for the year ended 30 September 2016

Quantum Foods Holdings Ltd

Notice and proxy of annual general meeting and summary consolidated financial statements for the year ended 30 September 2016

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

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

CONTENTS

www.quantumfoods.co.za +27 (0) 21 864 8600 11 Main Road, Wellington, 7655
Legal@quantumfoods.co.za +27 (0) 21 873 5619 PO Box 1183, Wellington, 7654

Letter to the shareholders

15 December 2016

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") third annual general meeting to be held at 09:00 on Friday, 24 February 2017, 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, 16 January 2017. 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 2016.

However, should you require a printed copy of the full integrated annual report with summary financial statements or full financials, 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 2016

Notice is hereby given to all shareholders recorded in the securities register of Quantum Foods as at Friday, 2 December 2016, that the third annual general meeting of Quantum Foods will be held on Friday, 24 February 2017, 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 2016. The audited annual consolidated financial statements will be available on the Company's website at http://quantumfoods.co.za/shareholder-notices/.

2. **Resolutions:**
   - Ordinary resolutions 1 – 8
   - 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 2017, 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, 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 Wouter André Hanekom

2.2 Ordinary resolution number 3
Re-election of director: Mr Patrick Ernest Burton

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
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, subject to the passing of ordinary resolution number 3, until the next AGM of the Company to be held in 2018."

4. Ordinary resolution number 5
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, until the next AGM of the Company to be held in 2018."

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, until the next AGM of the Company to be held in 2018."

Reason for ordinary resolutions numbers 4 – 6
The reason for ordinary resolutions numbers 4 – 6 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.

6. **Ordinary resolution number 7**
General authority to issue shares for cash
"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's memorandum of incorporation, the Companies Act and the Listings Requirements of the JSE ("Listings Requirements"), provided that:

- the approval shall be valid until the date of the next AGM of the Company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the Company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shares issued pursuant to an acquisition and shares issued pursuant to the Company's Share Incentive Scheme ("the Scheme") in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the Company's issued ordinary share capital amounts to 11 590 165 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes), it is necessary for the board of the Company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the Company.

Reason for ordinary resolution number 7
Reason for ordinary resolution number 7 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the Company.

For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the Annual General Meeting must cast their vote in favour of this resolution.

7. **Ordinary resolution number 8**
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 this notice of AGM."

Reason for ordinary resolution number 8
The reason for ordinary resolution number 8 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:

8. **Special resolution number 1**
Approval of the non-executive directors' remuneration
"Resolved that, in terms of section 66(9) of the Companies Act, the Company be and is hereby authorised to remunerate its non-executive directors for their services rendered as directors as from 1 April 2017, until the date of the next AGM of the Company, on the basis set out below:

	Fees from 1 April 2017 until 31 March 2018 Rand	Fees approved 1 April 2016 until 31 March 2017 Rand
Chairman of the Board	**295 000**	268 000
Committee chairman	**50 000**	43 000
Committee member	**47 000**	43 000
Board member (not serving on a committee)	**210 000**	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 2017, until the next AGM of the Company. This will enable the Company 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.

9. **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 purchase.

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 31 and 39 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 2016.

4. 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.

10. 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 per cent 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.

11. 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, 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.

12. Special resolution number 5
Amendment to the Company's MOI

"Resolved, as a special resolution, that the memorandum of incorporation of the Company be and is hereby amended as follows:

(i) by the replacement of the existing heading of clause 18 with the following heading:

"CONSOLIDATION, SUBDIVISION, REDUCTION OF CAPITAL AND FRACTIONAL ENTITLEMENT";

(ii) by the substitution of the existing clause 18.3 in its entirety, with the following new clause 18.3:

"If a fraction of a Share comes into being as a result of any action contemplated in clause 18.1 or any other corporate action, the Board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of Shares down to the nearest whole number and make a cash payment for any fractional entitlement. Notwithstanding the aforementioned to the extent that the JSE advises of another principle to apply to fractional entitlements, the Board may apply such principle. For clarity this clause 18.3 shall apply mutatis mutandis to any capitalisation issue in clause 14."

(iii) by the substitution of the existing clause 16 in its entirety, with the following new clause 16:

"If any problem arises with regard to any distribution in terms of this Memorandum of Incorporation, the Board may resolve it as it deems fit subject to clause 18.3 and the JSE Listings Requirements generally."

Reason for special resolution number 5
The reason for special resolution number 5 is to obtain the required approval from shareholders to amend the memorandum of incorporation of the Company in the manner that aligns the memorandum of incorporation with the recent amendments to the JSE Listings Requirements.

The effect of special resolution number 5 is that the Company will have the necessary authority to amend the memorandum of incorporation in the manner set out in special resolution number 5, which amendments have also been approved by the JSE.

13. 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, 2 December 2016.

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, 17 February 2017, with the last day to trade being Tuesday, 14 February 2017.

APPROVALS REQUIRED FOR ORDINARY AND SPECIAL RESOLUTIONS

Ordinary resolutions numbers 1 to 6 and 8 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 7 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, 22 February 2017, 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 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
15 December 2016

ANNEXURE 1

Quantum Foods Holdings Ltd
Summary consolidated financial statements

for the year ended 30 September 2016

COMMENTARY

INTRODUCTION

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

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

FINANCIAL OVERVIEW

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

Revenue from South African operations:

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

Cost of sales increased by 12.6% to R3.2 billion. Cost of sales includes the biological assets (livestock) and agricultural produce (eggs) fair value adjustments that were realised and included in other gains and losses in the statement of comprehensive income.

These fair value adjustments for the year ended 30 September 2016 amounted to R145.1 million (2015: R238.0 million). Gross profit, excluding these fair value adjustments, decreased by R8.3 million, resulting in a gross profit margin of 21.3% compared to 24.3% in 2015.

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

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

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

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

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

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

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

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

OPERATIONAL OVERVIEW

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

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

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

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

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

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

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

PROSPECTS

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

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

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

DIVIDEND

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

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

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

By order of the Board

WA Hanekom
Chairman

HA Lourens
Chief Executive Officer

22 November 2016

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 19 to 30, which comprise the summary consolidated statement of financial position as at 30 September 2016, 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 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 22 November 2016. 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 Limited’s (JSE) requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Quantum Foods Holdings Ltd for the year ended 30 September 2016 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 22 November 2016 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2016, we have read the Directors' Report, the Audit and Risk 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
22 November 2016

Summary consolidated statement of financial position

as at 30 September 2016

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

Summary consolidated statement of comprehensive income

for the year ended 30 September 2016

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

Summary consolidated statement of changes in equity

for the year ended 30 September 2016

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

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

Summary consolidated statement of cash flows

for the year ended 30 September 2016

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

Summary consolidated segment report

for the year ended 30 September 2016

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

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

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

Summary consolidated segment report (continued)

for the year ended 30 September 2016

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

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

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

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

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

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

Notes to the summary consolidated financial statements

for the year ended 30 September 2016

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 annual financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

2. ACCOUNTING POLICIES

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

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

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

Notes to the summary consolidated financial statements (continued)

for the year ended 30 September 2016

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

Litigation

Dispute with egg contract producers

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

Termination of contract

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

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

Customer claim

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

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

Allegations of anti-competitive trade practices – Zambia

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

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

6. FUTURE CAPITAL COMMITMENTS

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

7. BUSINESS COMBINATIONS

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

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

Reason for business combination:

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

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

8. EVENTS AFTER THE REPORTING PERIOD

Dividend

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

Additional information disclosed:

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

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

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

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

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

9. PREPARATION OF FINANCIAL STATEMENTS

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

10. AUDIT

The 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	3 871	81.3%	34 363 695	14.8%
Nominees and trusts	455	9.6%	13 750 418	5.9%
Investment companies and corporate bodies	432	9.1%	183 689 203	79.3%
	4 758	100%	231 803 316	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 2016, is as follows:				
Analysis of shareholding – ordinary shares				
Public shareholding				
Major shareholding				
Allan Gray (on behalf of clients)	1	0%	33 716 846	14.5%
Coronation (on behalf of clients)	1	0%	15 783 153	6.8%
Other shareholders	4 750	99.9%	112 977 916	48.8%
Non-public shareholding				
Major shareholding				
Zeder Investments Ltd	1	0%	61 620 084	26.6%
Other shareholders				
Directors	5	0.1%	7 705 317	3.3%
	4 758	100%	231 803 316	100%
Distribution of ordinary shareholders				
Number of shares				
1 – 1 000 shares	2 249	47.3%	661 028	0.3%
1 001 – 10 000 shares	1 530	32.1%	6 133 930	2.7%
10 001 – 100 000 shares	784	16.5%	25 611 193	11%
100 001 – 1 000 000 shares	158	3.3%	41 947 566	18.1%
1 000 001 shares and over	37	0.8%	157 449 599	67.9%
	4 758	100%	231 803 316	100%

ANNEXURE 3

DIRECTORS UP FOR RE-ELECTION

Wouter André Hanekom (57)
Independent non-executive director

André was appointed to the Board on 1 October 2014.

Qualifications:
CA(SA)

Quantum Foods Board and committee membership:
Chairman, remuneration and human capital

André joined Bokomo Breakfast Cereals in 1988 as a financial manager. He was later appointed as operational executive and in 1994, he was appointed as chief executive officer of Bokomo. After the merger between Sasko and Bokomo, André served as the executive responsible for Sasko Milling and Baking, after which he was appointed as chief executive officer of Pioneer Foods in 1999. André retired as chief executive officer of Pioneer Foods in March 2013.

Patrick Ernest Burton (63)
Independent non-executive director

Patrick was appointed to the Board on 29 July 2014.

Qualifications:
BCom (Hons) Financial Management, HDip in Tax Law

Quantum Foods Board and committee membership:
Non-executive director, audit and risk (Chairman), remuneration and human capital (Chairman)

Patrick is an experienced businessman with experience as a director which includes non-executive positions in fishing, food, insurance, financial services and investment holding companies. Patrick sits on the board of directors of various listed and unlisted companies.

ANNEXURE 4

MEMBERS OF THE AUDIT AND RISK COMMITTEE

Current and re-appointment:

Patrick Ernest Burton (63)
Independent non-executive director

Patrick was appointed to the Board on 29 July 2014.

Qualifications:
BCom (Hons) Financial Management, HDip in Tax Law

Quantum Foods Board and committee membership:
Non-executive director, audit and risk (Chairman), remuneration and human capital (Chairman)

Patrick is an experienced businessman with experience as a director which includes non-executive positions in fishing, food, insurance, financial services and investment holding companies. Patrick sits on the board of directors of various listed and unlisted companies.

Prof. Abdus Salam Mohammad Karaan (48)
Independent non-executive director

Mohammad was appointed to the Board on 10 June 2014.

Qualifications:
BSc Agric, BSc Agric (Hons), MSc Agric, PhD (Agric)

Quantum Foods Board and committee membership:
Non-executive director, audit and risk, social and ethics (Chairman)

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 (49)
Independent non-executive director

Geoff was appointed to the Board on 28 April 2015.

Qualifications:
BCom (Acc), BCom (Acc) (Hons), CA(SA)

Quantum Foods Board and committee membership:
Non-executive director, audit and risk

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 Financial Director of Brimstone Investment Corporation Ltd.

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 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 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 payable is dependent on this element.
- Growth in the Group's economic profit ("EP") over a rolling three-year period –
  - The calculation is 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 is 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.

The percentage of growth in EP included in the bonus pool is 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.

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 can increase the baseline HEPS for the calculation of the allocation to ensure that the target for the vesting of this component is fair and reasonable to both shareholders and participants. No such adjustment was made to the 54.1 cents per share recorded in 2015. The total 100% vesting, for the performance component of the 2016 allocation, will therefore be realisable at CAGR in HEPS of CPI plus 5% from the baseline of 54.1 cents per share. The vesting of the remaining 50% is time dependent.

A third of the SARS 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, 3 952 174 SARs at a strike price of R2.66 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 in annexure 7.

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 22 November 2016 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 2016, the aggregate of the direct and beneficial interest of directors was 3.32% (2015: 2.76%) 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 2016				
HA Lourens	**530 005**	**–**	**530 005**	**0.229**
AH Muller	**171 079**	**–**	**171 079**	**0.074**
WA Hanekom	**–**	**6 915 086**	**6 915 086**	**2.983**
N Celliers	**–**	**–**	**–**	**–**
Prof. ASM Karaan	**–**	**86 147**	**86 147**	**0.037**
PE Burton	**–**	**3 000**	**3 000**	**0.001**
GG Fortuin	**–**	**–**	**–**	**–**
	701 084	**7 004 233**	**7 705 317**	**3.324**
30 September 2015				
HA Lourens	402 005	–	402 005	0.172
AH Muller	131 079	–	131 079	0.056
WA Hanekom	–	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	–	–	–	–
LP Retief	–	–	–	–
	533 084	5 899 767	6 432 851	2.758

Note:

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

ANNEXURE 9

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. Mr HA Lourens and Mr AH Muller 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 monitors the following matters:

- BBBEE and targets – The committee monitors the strategy and targets approved by the Board during the financial year.
- Sponsorships and charitable donations – The committee monitors the various product donations, and continues to monitor the social responsibility project, detailed in the Integrated report.
- Water, energy and waste disposal management – A report containing usage details is monitored biannually. It was noted during the year that the short-term aim will be to reduce wastage of these elements across the Group’s operations.
- Occupational compliance – During the year, the committee noted progress in obtaining occupational certificates for various business premises. This is an ongoing process. Capital is allocated each year to ensure progress on 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 during the year.
- Employment equity and training – The committee monitors employment equity and training as set out in the Integrated report.
- Animal welfare – The committee monitors engagement with the NSPCA and other stakeholders to ensure that animal welfare remains a priority.
- Ethics management – The committee monitors adherence to the code of conduct.

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

Prof. ASM Karaan
Chairman

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

* *Executive*

COMPANY SECRETARY

INT Ndlovu
Email: Ntokozo.Ndlovu@quantumfoods.co.za

COMPANY DETAILS

11 Main Road
Wellington
7655
PO Box 1183
Wellington
7654
South Africa
Tel: 021 864 8600
Fax: 021 873 5619
Email: info@quantumfoods.co.za

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
PO Box 61051
Marshalltown
2107
South Africa
Tel: 011 370 5000
Fax: 011 688 5209

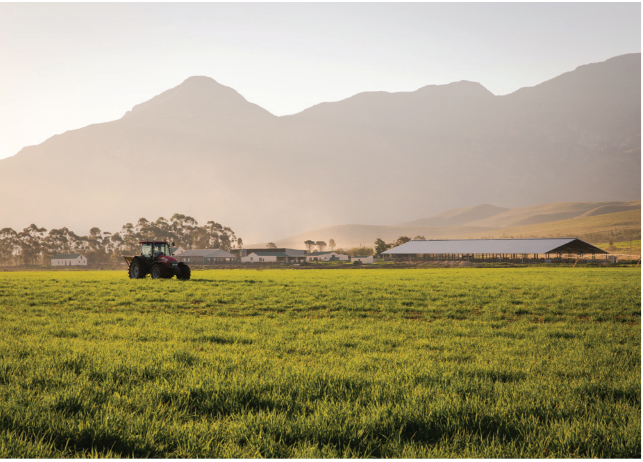
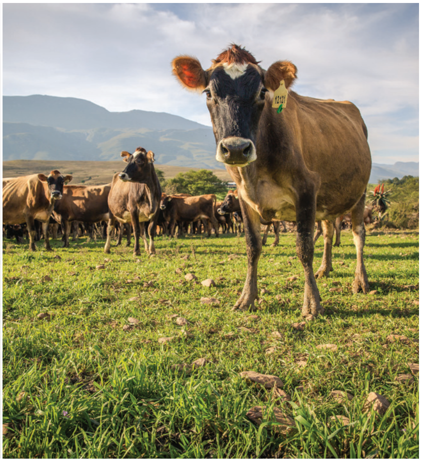
SPONSOR

PSG Capital (Pty) Ltd
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)
Tel: 021 887 9602
Fax: 021 887 9624

and

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

GREYMATTER & FINCH # 10167


www.quantumfoods.co.za