INTEGRATED ANNUAL REPORT 2014

ASTRAL

A leading Southern African integrated poultry producer

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ANNUAL FINANCIAL STATEMENTS

ASTRAL IS A LEADING SOUTHERN AFRICAN INTEGRATED POULTRY PRODUCER.

KEY ACTIVITIES COMPRISE:

- MANUFACTURING OF ANIMAL FEEDS
- BROILER GEN\ETICS
- PRODUCTION AND SALE OF DAY-OLD CHICKS AND HATCHING EGGS
- BREEDER AND BROILER PRODUCTION
- ABATTOIR AND FURTHER PROCESSING OPERATIONS
- SALES AND DISTRIBUTION OF VARIOUS KEY POULTRY BRANDS

ASTRAL FOODS AT A GLANCE

ASTRAL FOODS WAS ESTABLISHED AND LISTED IN APRIL 2001 ON THE JSE LIMITED, AFTER TIGER BRANDS UNBUNDLED ITS AGRICULTURAL OPERATIONS. CURRENTLY ASTRAL FOODS IS RANKED IN THE TOP 100 COMPANIES LISTED ON THE JSE LIMITED WITH SOME 4 000 SHAREHOLDERS AND IN EXCESS OF 11 000 FULL-TIME AND CONTRACT EMPLOYEES.

OUR OPERATIONS ARE STRATEGICALLY LOCATED WITHIN SOUTHERN AFRICA WITH POULTRY OPERATIONS IN SOUTH AFRICA, MOZAMBIQUE, SWAZILAND AND ZAMBIA, AND FEED MILLS IN SOUTH AFRICA, MOZAMBIQUE AND ZAMBIA.

R6 967m
REVENUE
(2013: R6 001 million)

POULTRY

Integrated broiler operations – We have four fully integrated broiler production, processing, distribution, sales and marketing operations.

Day-old broiler and hatching egg supplier – Conducting business as a day-old chick and hatching egg supplier to our integrated broiler operations and the independent non-integrated broiler producers.

Broiler genetics – Ross Poultry Breeders is the sole distributor and supplier of Ross 308 parent stock to the South African broiler industry.

FEED

Feed – The seven strategically placed feed mills are well-equipped to produce and distribute a wide range of specialised products for all commercially farmed animal species.

Animal feed pre-mix – Manufactures and markets vitamin and mineral pre-mixes for animal feed and distributes a wide range of feed additives, and commodity and speciality raw materials.

Analytical Laboratories – Central Analytical Laboratories analyses animal feed and water samples for the agricultural sector.

R5 506m
REVENUE
(2013: R4 916 million)

OTHER AFRICA

Three hatcheries situated in Mozambique, Swaziland and Zambia. One breeder farm in Zambia with a further breeder farm under construction in Mozambique.

Two animal feed mills situated in Mozambique and Zambia.

R499m
REVENUE
(2013: R442 million)

STRATEGIC FOCUS

TO BE A BEST COST INTEGRATED POULTRY OPERATOR; AND

TO GROW THE BUSINESS ORGANICALLY THROUGH SELECTIVE INVESTMENTS.

Content

Astral Foods' integrated annual report covers the economic, environmental and social activities of the group and their consequences for stakeholders for the year ended 30 September 2014. It aims to provide a broad range of stakeholders with a transparent and holistic view of the group's financial and non-financial performance and how we created value. Six capitals (financial, manufactured, human, social, natural and intellectual) and how we build or deplete them are addressed in this report, while not specifically referred to in this manner.

The report is evolving to present these aspects in an integrated manner confirming operational responsibility and accountability for business sustainability and covers the operations of the group and major subsidiaries for the period from 1 October 2013 to 30 September 2014. This report was approved by the board on 12 November 2014.

Materiality

No limitations were placed on the company. Management's interpretation of materiality has been applied in determining the financial and non-financial content and disclosure in this report.

Assurance

We apply a combined assurance model, which seeks to optimise the assurance obtained from management and internal and external assurance providers.

Management provides the board with assurance that it has implemented and monitored the group's risk management plan, and that it is integrated into day-to-day activities of all the business units. Management is responsible for monitoring and implementing the necessary internal controls.

The internal audit function, overseen by the group's Audit and Risk Management Committee, assesses the effectiveness of the group's system of internal control and risk management. Astral receives external assurance on certain aspects of the business. Our external auditors, PricewaterhouseCoopers Inc. provide an opinion on the fair presentation of the group's annual financial statements.

Astral's Audit and Risk Management Committee ensures that the combined assurance model introduced by King III is applied to provide a co-ordinated approach to all assurance activities and addresses all significant risks facing the group. The committee monitors the relationship between the external service providers and the group.

Scope

The scope of the Astral integrated annual report includes the group's three divisions and key functions. With respect to comparability, all significant items are reported in a consistent manner with the previous financial year, with no major restatements. Where applicable, this report has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the JSE Limited Listings Requirements and the requirements of the Companies Act, No 71 of 2008, as well as the King Code of Governance Principles (King III).

STATEMENT BY THE BOARD OF DIRECTORS OF ASTRAL FOODS LIMITED

The board acknowledges its responsibility to ensure the integrity of this integrated report which in the board's opinion addresses all material issues and presents fairly the group's integrated performance.

Theuns Eloff
Chairman

Chris Schutte
Chief Executive Officer

Pretoria
12 November 2014

For questions regarding this report contact:
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maryna.eloff@astralfoods.com +27 12 667 5468

www.astralfoods.com

FINANCIAL HIGHLIGHTS

GROUP REVENUE INCREASED BY 12,9% TO R9 602 MILLION

DUE TO HIGHER SALES REALISED BY BOTH THE POULTRY AND FEED DIVISIONS

13%

REVENUE INCREASE

88%

OPERATING PROFIT INCREASE

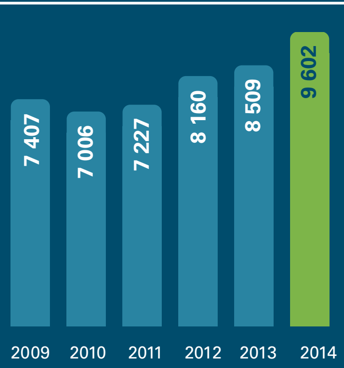
99%

HEADLINE EARNINGS PER SHARE INCREASE

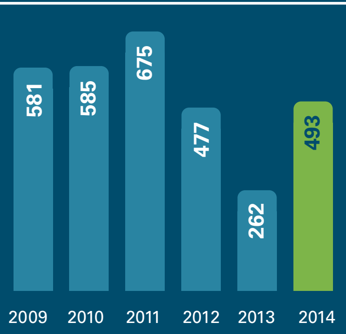
440c

DIVIDEND PER SHARE

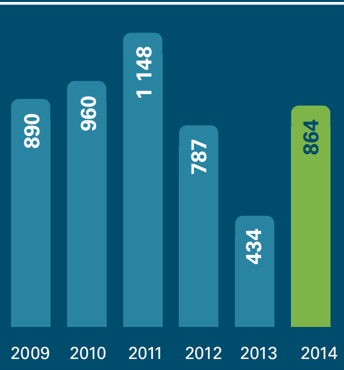
REVENUE
(R million)



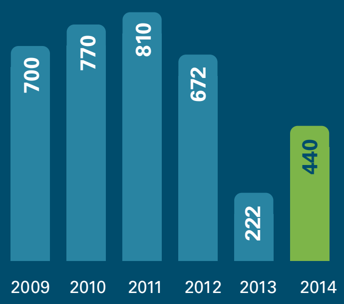
OPERATING PROFIT
(R million)



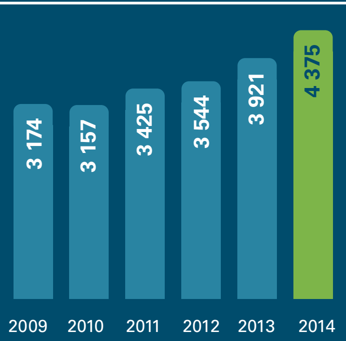
HEADLINE EARNINGS PER SHARE
(R million)



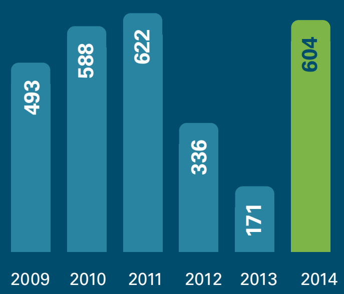
DIVIDENDS PER SHARE*
(cents per share)



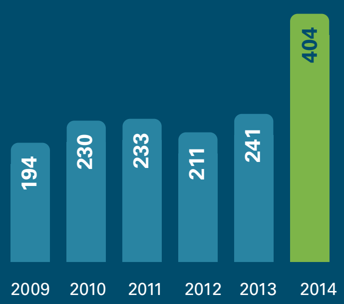
TOTAL ASSETS
(R million)



CASH GENERATED FROM OPERATING ACTIVITIES
(R million)



CAPITAL EXPENDITURE
(R million)



**Declared out of earnings for the relevant year*

ASTRAL AS AN INVESTMENT

PEOPLE SKILLS

Experienced, long-serving employees with strong backup and industry-leading track records, succession, value systems, integrity and consideration for the environment.

LARGEST INTEGRATED POULTRY PRODUCER IN SOUTHERN AFRICA

The leading low-cost producer of feed pre-mixes, complete feed, hatching eggs, day-old chicks and broilers in Southern Africa with an expanding footprint in selected southern African countries.

LEADING BRANDS

Leading brands in poultry genetics (Ross 308), animal feed (Meadow), feed pre-mixes (Provimi), day-old chicks (National Chicks), laboratory services (CAL) and strong poultry meat consumer brands (Goldi, County Fair, Festive, Mountain Valley and SupaStar), TigerChicks in Zambia and Mozpintos in Mozambique.

REGIONAL AND NATIONAL FOOTPRINT

Well positioned in the major growth areas close to strategic and infrastructural transport hubs.

STRONG CASH FLOW

Proven record with the ability to meticulously manage working capital to generate strong cash flows.

THE RESULT

Best cost integrated poultry producer.

GROUP ACTIVITIES

INTEGRATED BROILER OPERATIONS

We have four fully integrated broiler production, processing, distribution, sales and marketing operations with a combined processing capacity of 4 395 million processed broilers per week made up as follows:

County Fair Agter-Paarl	Festive Olifantsfontein	Mountain Valley Camperdown	Goldi Standerton
1 044 000	1 287 000	164 000	1 900 000

Festive (Olifantsfontein), Goldi (Standerton) and County Fair (Western Cape) market and distribute a full range of fresh and frozen poultry products whereas Earlybird Standerton's primary products are in the form of individually quick frozen (IQF) products. Mountain Valley (Camperdown) produces both fresh and frozen poultry products.

County Fair and Festive market and distribute a full range of value added products comprising frozen reformed filled products, ready to eat chicken products and a range of emulsified products.

BROILER GENETICS

Ross Poultry Breeders situated in KwaZulu-Natal and Gauteng, is the sole distributor and supplier of Ross 308 parent breeding stock to the South African broiler industry. The company has a technical agreement with Aviagen Limited, a multinational company that holds the worldwide proprietary rights to the "Ross" brand. The company has entered into an agreement with Aviagen for the exclusive South African rights to the International Ross 308 broiler/ breeder that is world renowned for its superior broiler and breeder performance.

DAY-OLD BROILER AND HATCHING EGG SUPPLIER

National Chicks has operations in KwaZulu-Natal, Gauteng and Swaziland and conducts business as a day-old chick and hatching egg supplier to our integrated broiler operations and the independent non-integrated broiler producers in South Africa, Swaziland, Botswana and Mozambique. National Chicks supplies small hatcheries in Africa with fertile eggs and has a technical team servicing its customer base.

ANIMAL FEED PRE-MIX

We hold a 25% stake in Provimi SSA (Pty) Limited, a company that manufactures and markets vitamin and mineral pre-mixes for animal feed as well as a wide range of feed additives as well as commodity and speciality raw materials.

ANIMAL FEED

The South African operations consist of mills located in Standerton, Randfontein, Delmas, Paarl, Port Elizabeth, Pietermaritzburg and Ladismith.

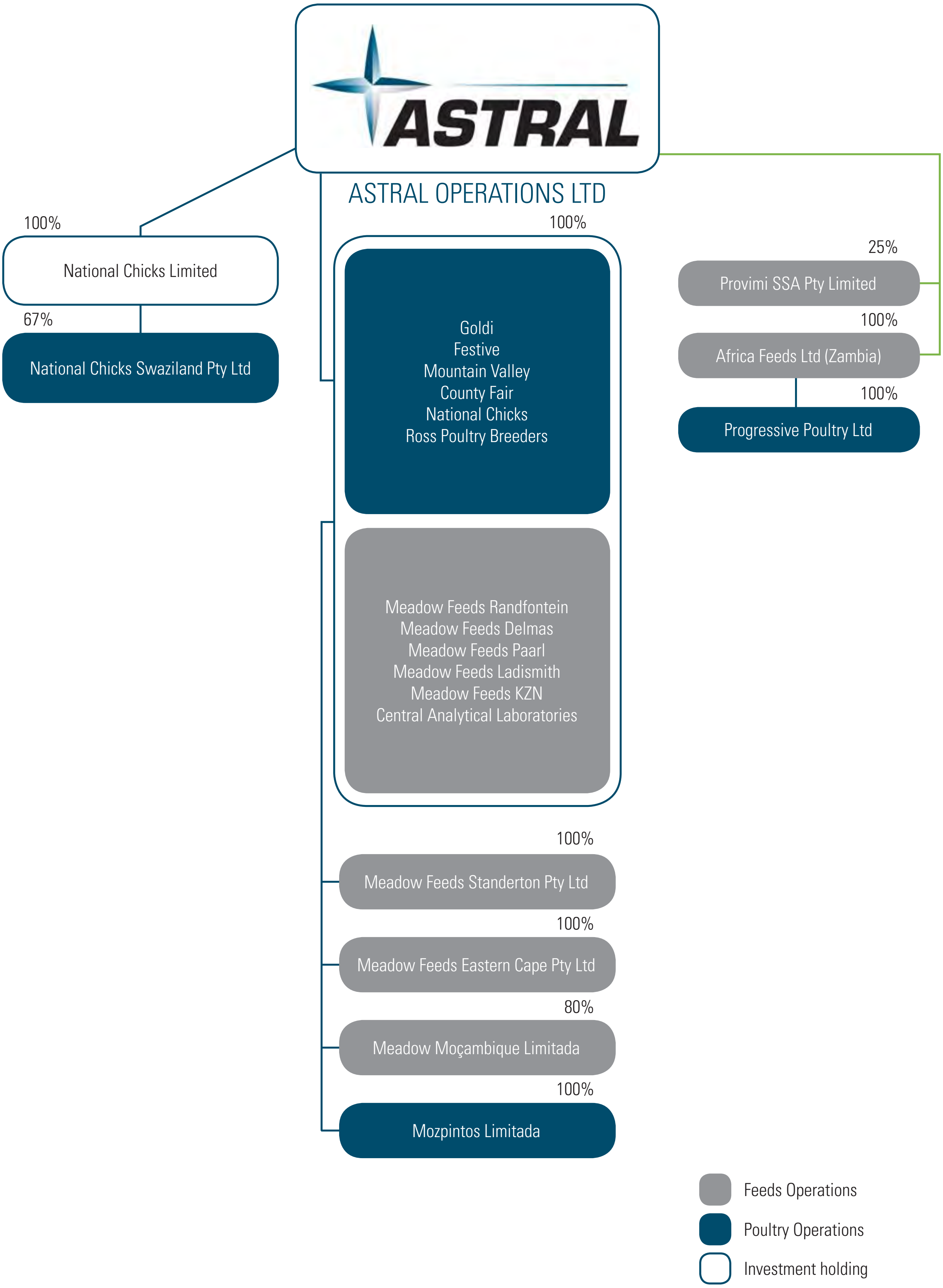
These seven strategically placed feed mills are well equipped to produce and distribute a wide range of specialised products for all commercially farmed animal species.

The other African operations consist of a feed mill in Lusaka (Zambia) and an 80% shareholding in a mill in Maputo (Mozambique).

ANALYTICAL LABORATORIES

Central Analytical Laboratories analyses animal feed and water samples for our own requirements and the agricultural sector in South Africa.

GROUP STRUCTURE



BUSINESS OVERVIEW

BUSINESS	ACTIVITIES
FESTIVE, GOLDI	Festive and Goldi – These two processing facilities are located in Olifantsfontein (Gauteng) and Standerton (Mpumalanga). Each has its own breeding and hatching operation and processes approximately 3 187 million broilers per week and makes use of a large number of contract growers to rear birds for slaughter. Various well-known consumer brands such as Festive, Goldi and SupaStar are marketed and distributed into the wholesale and retail sectors. Products are supplied to the quick-service restaurant industry most notably Spur and the Famous Brands group (Wimpy, Steers). Meadow Feeds – situated in Randfontein, Delmas and Standerton – supplies poultry feed to the two integrated broiler operations.
MOUNTAIN VALLEY	The Mountain Valley abattoir situated in Camperdown, provides us with a strategic processing presence in KwaZulu-Natal processing 164 000 birds per week. Meadow Feeds situated in Pietermaritzburg supplies feed to Mountain Valley.
COUNTY FAIR	Located in the Agter-Paarl , County Fair is a fully integrated broiler producer processing 1 044 million birds per week, including the broilers supplied by Tydstroom. The abattoir located in Agter-Paarl supplies birds to a fresh and frozen further processing facility in Epping Industria, Cape Town. A wide range of products is marketed under the County Fair brand. The day-old chicks hatched and placed on County Fair's grow-out farms are supplied by its in-house breeding operations. Meadow Feeds situated in Paarl supplies all the poultry feed requirements.
NATIONAL CHICKS	Conducts business as an international supplier of day-old chicks and hatching eggs to the Astral Group and to non-integrated independent operations in South Africa, Swaziland and Mozambique. Plays a key role in every step in the supply chain, whether from chicken to egg or from egg to chicken.
ROSS 308	Sole distributor and supplier of the Ross 308 parent stock to the South African broiler industry. In close association with Aviagen Limited, the global leader in poultry genetics based in Scotland, Ross Poultry Breeders continually develops and implements progressive bio-security and production processes to ensure the delivery of disease-free genetic material to the South African poultry industry.
MEADOW FEEDS	Acknowledges and supports consumers' increased awareness and demand for ethical practices leading to safer food and product quality guarantees. This is increasingly relevant to modern agriculture with commercial and emerging farmers demanding the very best in animal feed. The application of world-class technology, production standards in feed safety and production methods ensure that Meadow delivers what farmers require most – good value, safe feed and superior yields.
PROVIMI SSA	Range of high-quality standard vitamin/mineral pre-mixes enabling the agricultural industry to optimise livestock nutrition. Key to Provimi SSA's operations is providing a comprehensive feed solution involving feed formations and modern husbandry practices.
CAL	Offers a diverse range of laboratory analyses to the animal feed industry. Employs the latest instruments and methods to provide the best possible service to its client base.
OUTSIDE SOUTH AFRICA	
TIGER CHICKS	A breeder farm and hatchery producing day-old broiler chicks for the Zambian and future export market. TigerChicks has introduced a new broiler breed, the Lohmann Meat, into the African market. This is the first slow feathering broiler bird to be bred in Africa.
TIGER ANIMAL FEEDS	Tiger Animal Feeds has been the leading animal feed supplier in Zambia for more than ten years. Its world-class range of feeds, strong distribution network and on-site nutritional service has greatly contributed to the growth and the profitability of farmers and the establishment of new farmers through training and after-sales support programmes. All products conform to the quality assurance standards of the Zambian Bureau of Standards and are backed by an array of quality assurance systems.
MOZPINTOS	A newly constructed hatchery south of Maputo in Mozambique with a capacity to hatch 67 000 day-old broiler chicks per week and a footprint to expand to 158 000 day-old chicks by adding additional incubation equipment. A fully fledged breeder farm is currently under construction and will supply the hatchery with broiler hatching eggs.
NATIONAL CHICKS SWAZILAND	The only hatchery in Swaziland, producing 340 000 day-old chicks per week for the local market and export.
MEADOW MOZAMBIQUE	A feedmill situated in Maputo that supplies breeder feed to Mozpintos. Meadow Mozambique also supplies animal feed to the external market throughout Mozambique.

OVERVIEW BY THE CHAIRMAN

HIGHLIGHTS

- Becoming the leading integrated poultry producer in South Africa.
- Astral coming through extremely adverse macro-conditions and turning the Poultry division profitable once more.

Introduction

It is appropriate to start this review by paying tribute to the outgoing Chairman of the board, Jurie Geldenhuys. As second Chairman in Astral's 14-year history, he played a significant role in the group's performance over the past six years. Jurie's thoughtful and dedicated leadership made it possible for the Astral board to function optimally. He found the balance between adequate opportunities for questions and discussion on the one hand, and direction and decisiveness on the other. In his last years as Chairman, Astral came through the extremely adverse macro-conditions and turned profitable again. The board, management and all employees thank Jurie and wish him well in the next phase of his life.

Achievements in the past year

It is with gratitude that it can be noted that the results of the last financial year presented an almost dramatic turnaround for Astral. These included:

- restoring the poultry division to profitability in a very difficult business climate;
- commissioning the new Standerton feed mill, which will bring major savings in poultry rearing costs;
- realising continued improvements in poultry performance; and
- acquiring poultry processing equipment and farms on from a number of producers exiting the industry.

As a result, Astral has become the undisputed leading poultry producer in Southern Africa.

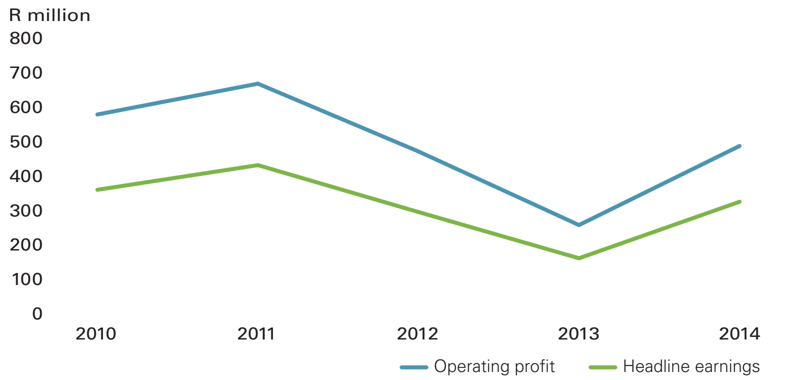
The international context

We are, however, not out of the proverbial woods yet. Both international and local factors contribute to a scenario where one can only be cautiously optimistic about the future. The world economy is in the middle of a balancing act. As a result, countries must address the legacies of the global financial crisis, ranging from debt overhangs to high unemployment. Globally we face a cloudy future. Potential growth rates are being revised downwards, and these worsened prospects are in turn affecting confidence, demand, and growth today[1].

Among advanced economies, the US and the UK in particular are leaving the crisis behind and are achieving decent growth, albeit lower than in the early 2000s. Growth nearly stalled earlier this year in the euro zone[1].

In emerging market economies, lower potential growth is the dominating factor with potential growth now forecast to be 1,5% lower than before. Largely due to weaker-than-expected global activity in the first half of 2014,

PROFITABILITY



[1] *Source: IMF*

THEUNS ELOFF –
CHAIRMAN

ACHIEVEMENTS

- Restoring the Poultry division to profitability.
- Commissioning of the new Standerton feed mill.
- Continued improvements in poultry performance.
- Acquiring poultry processing equipment and farms on poultry companies' liquidation sales.

FOCUS

- Further expansion into other African markets.
- Further cost-saving interventions starting to pay off.

Real GDP growth projections
(% change from previous year)

	2012	2013	2014A	2015F	2016F
World	3,4	3,3	**3,3**	**3,8**	**4,0**
Advanced economics	1,2	1,4	**1,8**	**2,3**	**2,4**
EM and developing economies	5,1	4,7	**4,4**	**5,0**	**5,2**
South Africa	2,5	1,9	**1,4**	**2,3**	**2,8**

Source: IMF

the growth forecast for the world economy has been revised downward to 3,3% for this year and 3,8% in 2015 and 4,0% in 2016.

The rest of Africa has shown positive economic growth in a number of countries, albeit from a low base. Even though there are now more democracies than authoritarian regimes in Africa, a few conflict areas and their effect on the region as a whole remain cause for concern. We believe, however, that the rest of Africa presents good opportunities, if managed well and with selective investments in our field of expertise.

Several years of slow growth prospects suggest that it is also time for major emerging market economies to turn to important structural reforms to raise growth more robustly. The agenda, naturally diverse across countries, includes removing infrastructure bottlenecks in the power sector (India, South Africa); easing limits on trade and investment and improving business conditions (Indonesia, Russia); and implementing reforms to education, labour, and product markets to raise competitiveness and productivity (Brazil, China, India, South Africa) and government service delivery (South Africa).

The South African situation

The first 20 years of our democracy and what has been achieved in a relatively short period of time, has to be celebrated. However, as highlighted below, many of the gains are now in the shadows of serious problems.

Our political situation is stable in formal terms, with a Parliament that performs its oversight function relatively well, and a growing opposition. The rule of law is still accepted and respected.

The biggest concern is the ability to implement capabilities in a number of government departments, especially at local government and most provincial government levels. This has a direct impact on doing business in South Africa as well as on the implementation of the laudable targets of the National Development Plan, arguably the most consensus generating document among all South Africans (in addition to the Constitution). Other issues are continuing service delivery protests and signs of parliamentary procedures coming under pressure.

OVERVIEW BY THE CHAIRMAN (CONTINUED)

South Africa's economic growth is being dragged down by industrial tensions and delays in fixing infrastructure gaps, including electricity constraints. The growth forecast for SA in 2014 now stands at 1,4% and a muted recovery is expected in 2015 with a forecast rate of only 2,3% followed by 2,8% in 2016. A growing civil service adds to the problems, especially if one considers the salary bill of the government. The stance taken by the Minister of Finance on civil service and parastatal wages in his medium-term expenditure framework must be welcomed, but this could lead to more strikes. Other problems include the growing gap between rich and poor, lack of state capacity to lead large infrastructure development projects and corruption that is becoming endemic. Although the welfare subsidy is alleviating poverty in the short term, in the medium term this has already led to a dependence culture that is unsustainable in the longer term.

On the positive side would be a growing black middle class, the government's acceptance of the importance of infrastructure development and sound fiscal and monetary policy. In the socio-economic arena, the problems are also accumulating. The failure to maintain infrastructure that had been established since 1994, is worrying. The previous good work done in housing, electricity, water provision and sanitation have been seriously dented in the last number of years. As the Auditor-General regularly points out, almost the whole local government sphere is in serious crisis. This affects almost all areas of service delivery, and those that will have an adverse effect on business: road infrastructure, electricity, water and sanitation.

All of the above does not mean that in my view South Africa cannot turn this state of affairs around. The National Development Plan presents a vision that unites most South Africans. The private sector and civil society are willing to assist a capable and committed state to endeavour to reach its laudable goals, however, government leadership is paramount in achieving this.

Corporate governance

As in the past number of years, the Astral board strived to fulfil its fiduciary duties in terms of not only the letter, but also the spirit of the King III guidelines. It formally assessed its compliance with King III, and found only two areas where improvements were necessary. Each director also did a self-assessment of performance, an assessment of fellow directors' performance, as well as the board committees and the board. The performance of the Chairman of the board, the Chief Executive Officer and Company Secretary was also assessed.

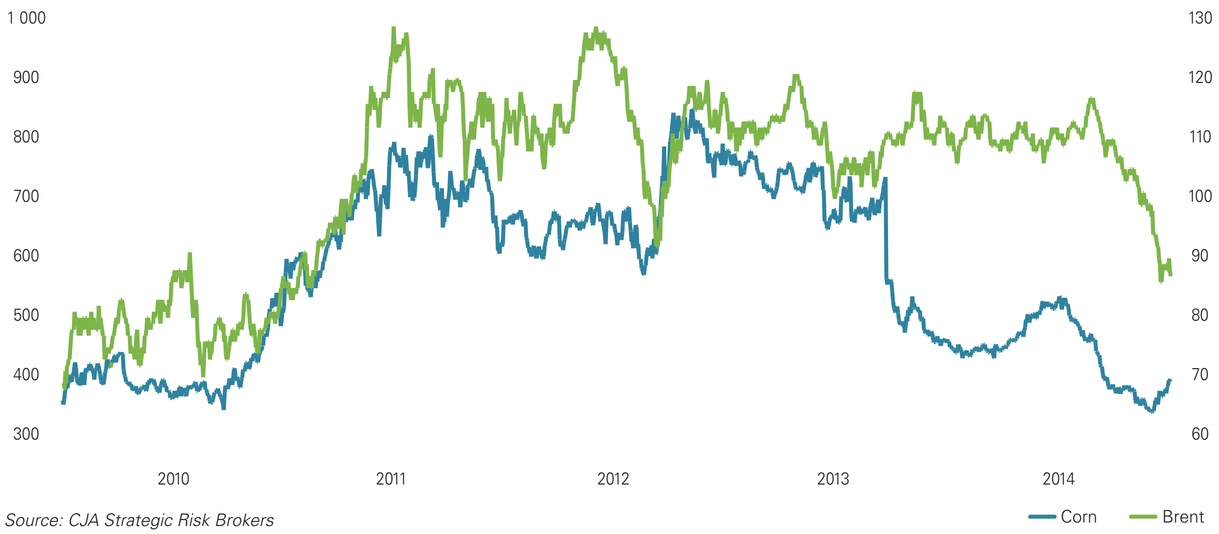
As indicated above, Jurie Geldenhuys stepped down as Chairman of the board on 31 May 2014. After nominations were requested, I was duly appointed to take over on 1 June 2014. I was also appointed to chair the Nominations Committee. The two new members of the board, Ms Taki Maumela and Ms Tshepo Shabangu, were respectively appointed as members of the Social and Ethics and the Audit and Risk Management Committees on 14 August 2014 and 11 November 2014.

As in the past, the board conducted a one-day strategic review on 8 April 2014, resulting in a confirmation of the present strategy to be the best cost integrated producer in selected African countries.

What does the future hold?

Commodity prices have edged lower in recent months and the decline has been led by a drop in food prices, owing mostly to improved supply prospects. Crude oil prices have also recently declined, and are well below the average price of about US$104 a barrel prevailing since the beginning of 2011. Natural gas and coal prices have also declined. Food prices have declined 9% since March 2014

CBOT CORN PRICE and BRENT CRUDE OIL PRICE



Source: CJA Strategic Risk Brokers

on an improved global production outlook. However, prices of a few food commodities have moved higher, including meat and coffee beans.

Weather conditions have been favourable so far in the current harvest year, and bumper harvests are expected for the main cereal and oilseed crops. Although global stocks are expected to increase, they will still remain below historical averages for most major crops, except soya beans.

Commodity prices are expected to decline, in line with futures markets. Food prices are projected to decline by 4,1% in 2014 and by 7,9% in 2015 and to remain broadly unchanged in 2016. This projection reflects favourable harvest conditions for the current year[1].

The appointment of the new Minister of Agriculture brought a breath of fresh air for the poultry industry. Numerous meetings by the industry had already been held with him and his office, and there is an openness not only to interact, but also to listen. If this foundation can be built upon, it bodes well for the future.

Challenges facing Astral (and other South African companies) in the near future include continued depressed consumer confidence, rising administrative pricing and costs and BEE legislation that moved the goal posts considerably.

Specific to Astral and the poultry industry the prospect of applying the BEE legislation in early 2015 is looming. Plans by Astral to manage this are already in place. Another challenge is the possible lifting of the temporary import levies on chicken imported from Europe and an increase in imports from South America. The government will be called upon to assist South Africa's producers – not with protection, but levelling of the playing fields. The maize price remains a big contributor to Astral's costs, and although this is managed as well as can be expected, both the national and international crops for the next season are ultimately unknown.

Opportunities for the future include further expansion into other African markets. Considerable progress has been made to establish a presence in a fourth African country, and we are excited about the prospects. Some of the investments made in 2014 will pay off further as the Standerton Mill reaches budgeted capacity production

NINE FEED MILLS IN SOUTHERN AFRICA

A strategic review session confirmed Astral's thrust to remain a focused integrated poultry and animal feeds producer; based in South Africa but expanding steadily, as opportunities become evident into other African countries.

REAL FINAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS

Source: SA Reserve Bank

and other cost-saving interventions start paying off.

In closing…

Astral's share price movement over the past number of months is a recognition by analysts and shareholders of the solid path that Chris Schutte and his team have put Astral on. I want to add my own and the board's appreciation for the sterling work done during yet another difficult year. The board of Astral is a strong and cohesive unit, giving strategic direction and making brave decisions where necessary.

I therefore also pay tribute to all board members for your commitment and judicious oversight. May we remain dedicated and united for the benefit of this great company.

Theuns Eloff
Chairman

Pretoria
12 November 2014

[1] *Source: IMF*

CHIEF EXECUTIVE OFFICER'S REPORT

HIGHLIGHTS

- Much-improved profitability amidst the demise of some industry players.
- Cementing Astral's best cost producer position.
- A further improvement in the gearing ratio was realised under tough market conditions.
- Further improvement in the BBBEE rating.

Introduction

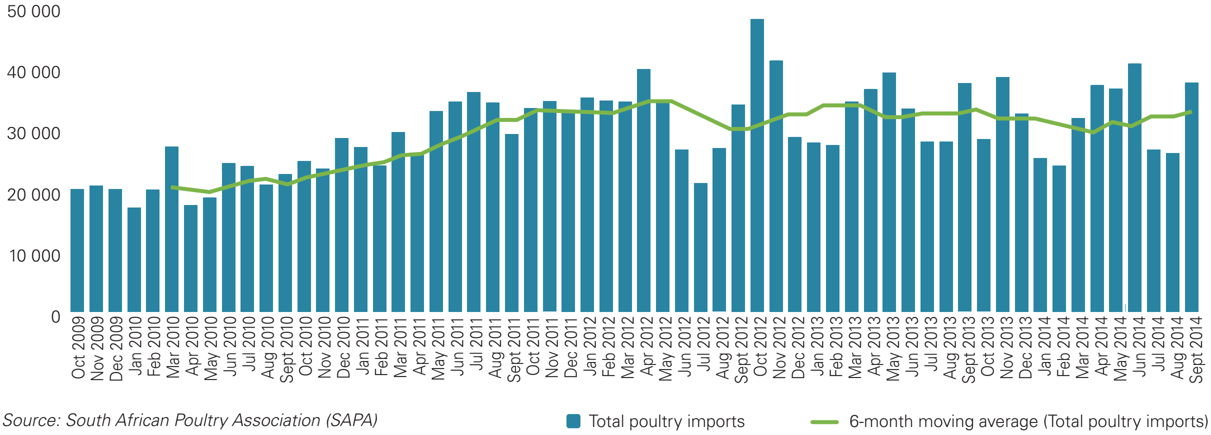
Astral's 14th annual report provides an overview of the results for the year under review, illustrating the group's financial and operational performance and achievements, as well as an overview of strategic focus areas and projects.

The local poultry industry continued to face tough market conditions during the past year, with some smaller producers exiting the industry. The contraction in the local poultry industry was followed by some consolidation of distressed assets. The considerable challenges facing the industry are evident in the sector's financial results, with profitability and margins continuing to be affected by high poultry import volumes, record feed prices and constrained consumer spending.

Whilst the industry through the South African Poultry Association (SAPA) motivated for the introduction of anti-dumping duties against certain European Union countries, high levels of poultry imports into South Africa continued unabated. Meat importers anticipating the implementation of an anti-dumping duty against various EU member states imported significant quantities of poultry meat from April to June of this year, equating to approximately seven million birds per week in June 2014 compared to local production of approximately 19 million birds per week.

Although a noticeable drop in import levels was seen in July and August 2014, imports jumped in September 2014 to approximately 6,6 million birds per week and it remains to be seen if any relief against poultry imports from the United Kingdom, Germany and Netherlands will materialise. The anti-dumping duties imposed on 4 July 2014 will continue for a period up to and including 2 January 2015.

TOTAL IMPORTS – TONS PER MONTH



Source: South African Poultry Association (SAPA)

CHRIS SCHUTTE –
CHIEF EXECUTIVE OFFICER

ACHIEVEMENTS

- Expansion in capacity through the acquisition of poultry assets out of liquidation sales at a fraction of replacement cost.
- The signing of a broiler supply agreement between County Fair and Tydstroom (Quantum Foods).
- Further improvement in broiler farming efficiencies.
- Astral increased profitability against major industry players that were generally in a loss-making state.
- Established a broiler breeder site and increased capacity in the Mozpintos hatchery only two years after commissioning a greenfields operation in Mozambique.
- Positive engagement with government and particularly the Department of Agriculture, Forestry and Fisheries, where fruitful meetings have been held with both the new Minister and Deputy Minister alike.

FOCUS

- Realign major abattoirs to optimise upstream and downstream production facilities.
- To remain a best cost producer of poultry meat.
- To improve on the broiler production results whilst extracting all possible cost efficiencies.
- To focus on key projects in the coming year that will leverage expansion opportunities through organic growth and acquisitions in target markets, particularly in other African countries.
- Bedding down of major capital investment projects and acquired assets to further support the best cost strategy.
- Continued penetration of the foodservice and value-added markets.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

The International Trade and Administration Commission of South Africa (ITAC) is continuing with its investigations after which a final decision will be made on this matter and referred to the Minister of Trade and Industry for ratification or otherwise.

Local maize prices reached record highs by March 2014 on the back of an extremely low South African maize stock to use ratio. Feed prices were negatively impacted, which was further exacerbated by a weaker Rand and high soya prices. For the period under review Astral's average broiler feed price (Rand per ton) increased by approximately 2% over the comparable period in the prior year. The impact of the new season maize crop that is expected to top 14 million tons, will only be realised in the new financial year due to the lag brought about by forward procurement of soft commodities.

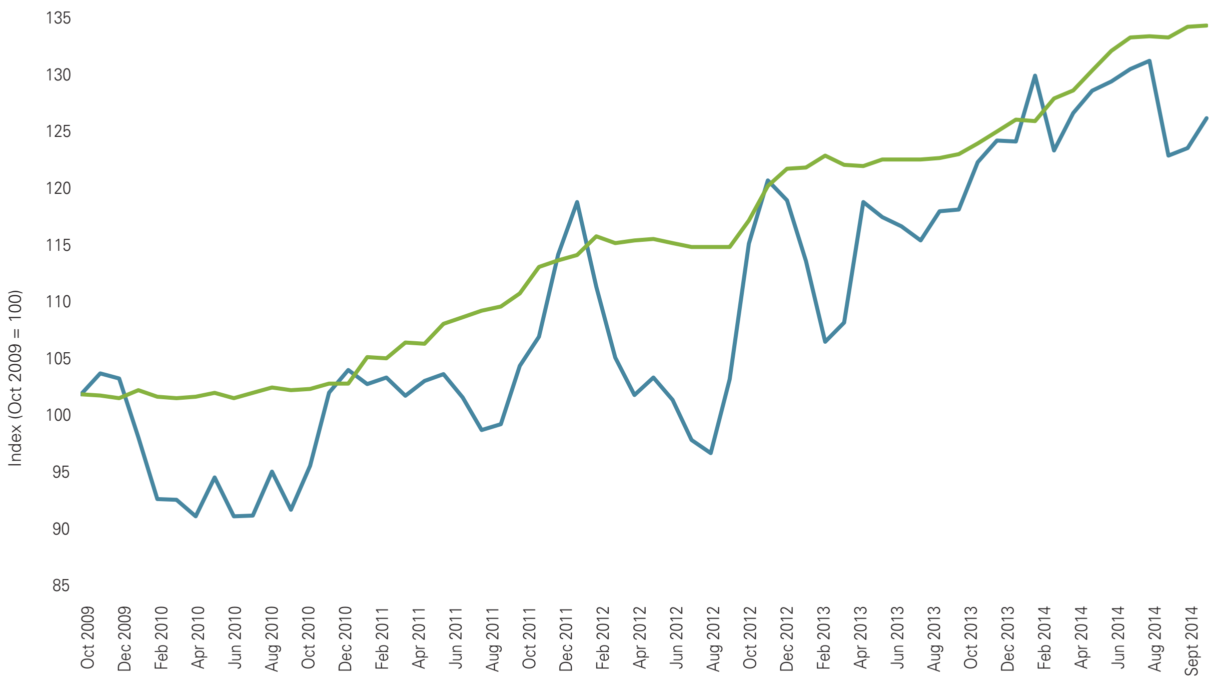
The slowing level of growth in the economy, higher unemployment levels and widespread labour unrest and industrial action in the mining sector continued to depress consumer spending. Against a background of high industry stock levels, this situation contributed towards the industry's inability to timeously pass on price increases to track rising input costs.

Local food inflation continued its upward trend over the past year, with local chicken prices enjoying a recovery to peak in December 2013 off the extreme lows of the past two years. Poultry pricing continues to lag food price inflation movements. Encouragingly, average industry poultry selling prices increased by a little over 9% for the period under review providing a measure of relief from the high feed costs experienced during the year. Although poultry price inflation still lags food price inflation, better alignment between the two indices over the past reporting period has been recorded.

Salient features

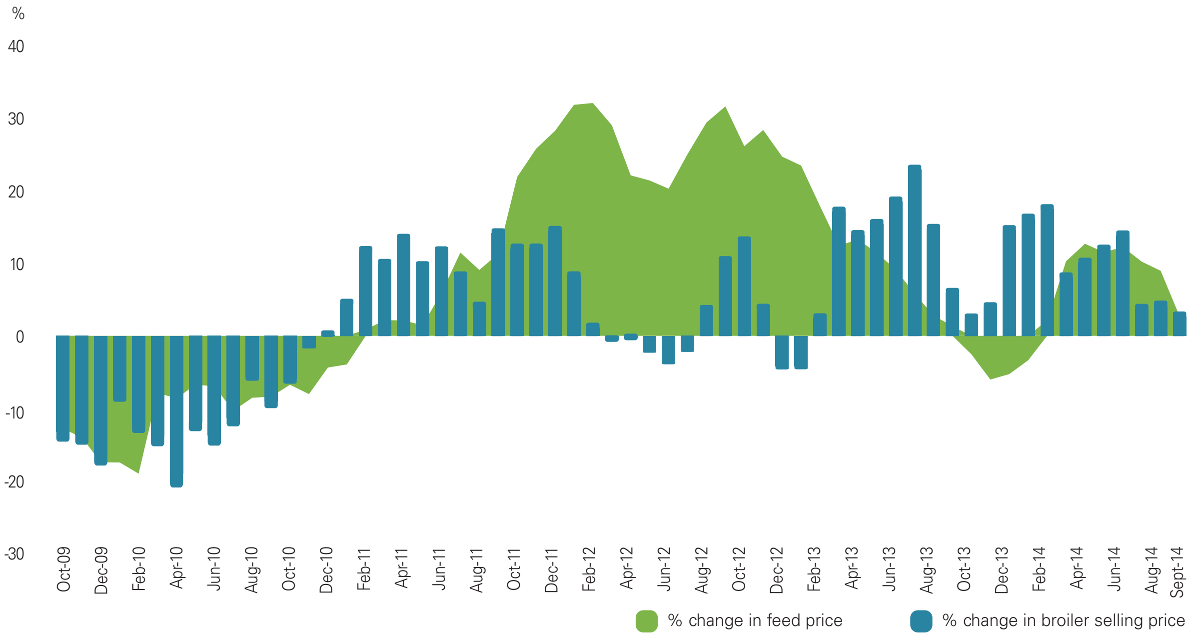
- Continued high poultry imports with average imports for the period under review equalling approximately 30% of local production.
- Low maize stock to use levels in South Africa earlier in the year saw maize prices peak at all-time highs against a backdrop of relatively low international Chicago Board of Trade (CBOT) corn prices.
- The Rand depreciated against the US Dollar by approximately 12% during the period under review, negating any benefits of lower CBOT corn prices. In addition the weaker Rand resulted in a higher cost of imported feed ingredients.
- The impact of high feed prices during the period under review could not be fully recovered through improved broiler sales realisations.
- The effect of prolonged industrial action in the mining and steel industries and low levels of disposable income impacted the poultry industry negatively over the past year from a product demand perspective.

BROILER SELLING PRICE vs FOOD PRICE INFLATION

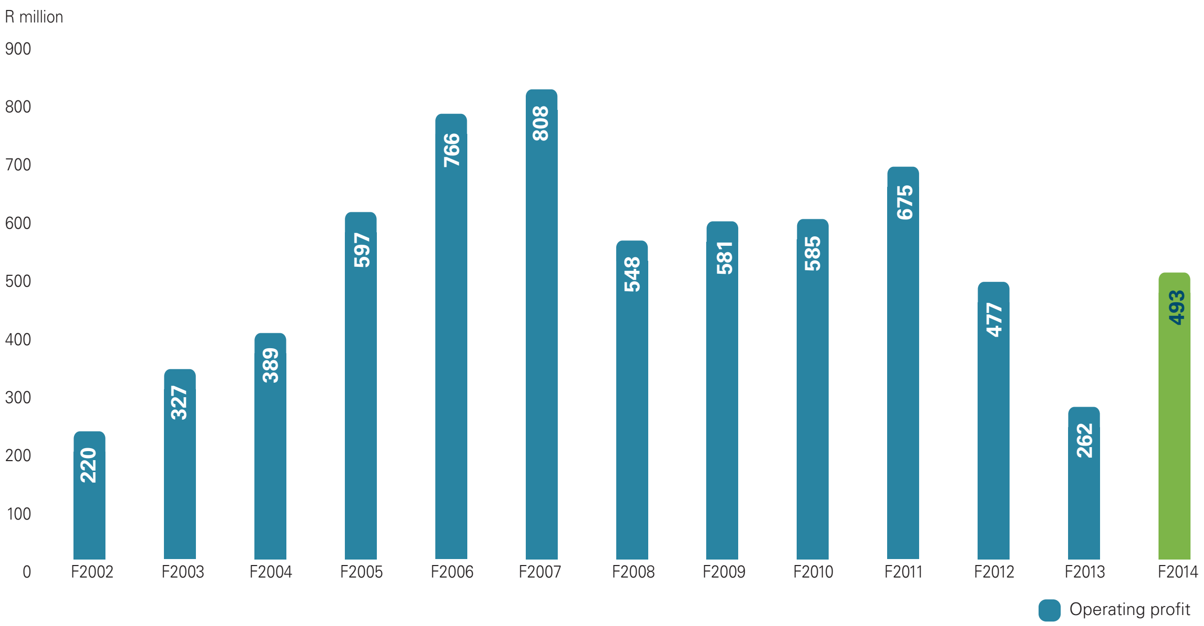


Source: SAPA & CJA Strategic Risk Brokers

CHANGE IN BROILER SELLING PRICE vs FEED PRICE



OPERATING PROFIT



Financial overview of operations

For F2014 revenue for the group increased by 12,9% to R9,6 billion (2013: R8,5 billion) on the back of an increase of 6,7% in poultry volumes, a 7,9% increase in poultry realisations, together with an increase in the feed division's external turnover of 3,7% due mainly to higher feed prices for the period under review.

Operating profit showed a marked increase of 88% to R493 million (2013: R262 million) and the operating margin at 5,1% reflects this increase (2013: 3,2%). The improvement in profitability was driven by improved selling prices and product mix, as well as higher volumes due to increased broiler placements compared to cutbacks in bird numbers reared in the prior reporting period.

Following the increase in operating profit of 259,8% in the interim results posted in March 2014, the second half operating profit increasing by 37,9% relative to the comparable 2013 period. The second half of the year was impacted by high feed prices, high poultry stock levels in the industry coupled with high levels of poultry imports to June 2014 and lower poultry selling prices.

Operating profit

Although a marked improvement on the F2013 performance, profitability still lags the levels of the F2006 to F2011 reporting periods.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Poultry division

Revenue increased by 16,1% to R7,0 billion (2013: R6,0 billion) on the back of higher volumes (up 6,7%) and higher poultry selling prices (up 7,9%). Profitability improved significantly to a positive R104 million after a loss of R112 million in 2013, resulting in a net margin for the division of 1,5% (2013: -1,9%).

Broiler production performances improved for the period in line with continued focus in this area, delivering value in improved feed efficiencies and better bird growth rates. An improvement in product mix was realised with Astral's exposure to individually quick frozen (IQF) portions decreasing by 1%, with an increase in fresh and value-added sales.

Feed division

Revenue increased by 12,0% to R5,5 billion (2013: R4,9 billion) as a direct result of the higher raw material and feed pricing, whilst sales volumes increased by 4,5% assisted by higher inter-group volumes as a result and of higher bird placements compared to the prior year and the take on of feed volumes previously supplied by Afgri. Operating profit increased by 7% to R354 million (2013: R329 million).

A benefit from feed volumes moved to the new Standerton feed mill from Afgri in line with the termination of that feed supply agreement, was realised in the fourth quarter of F2014.

Other Africa

Revenue increased by 12,9% to R499 million (2013: R442 million) supported by higher volumes (up 4,3%) as a result of the expansion in capacity at the broiler breeder and hatchery operations in both Zambia and Mozambique. The operating profit for the division decreased by 22,7% to R35 million (2013: R45 million).

The profitability at Tiger Animal Feeds in Zambia was impacted negatively through unfavourable raw material positions and the management thereof in the first half of the reporting period. A turnaround in the performance of this business unit in the second half was delivered in line with expected returns.

Operational performance

Poultry division

Astral's poultry division comprises three separate activities:

- Broiler operations.
- Day-old chicks and hatching eggs.
- Broiler and breeder genetics.

Broiler operations

The four integrated broiler operations are strategically located in the major growth areas of Gauteng, Mpumalanga, the Western Cape and KwaZulu-Natal. The broiler operations slaughtered approximately 4,4 million birds per week for F2014 and this is made up as follows:

The weekly F2014 bird slaughter numbers show a marked increase in birds produced. In the prior year a conscious decision was taken to cut back on production levels to curb losses associated with the under recovery of input costs in the selling price of chicken.

IQF as a proportion of the sales volumes decreased in the product mix by 1% for the period under review with increased sales volumes in both the value added and fresh product categories.

The poultry division achieved good on-farm results for the period under review which assisted the turnaround in the performance of this division. Bird health challenges experienced by the poultry industry, and metabolic problems expressed as broiler ascites associated with high bird growth rates resulted in higher mortalities for Astral in F2013. Mortality is precipitated by the fast growth rate of the broiler and is a function of the interaction between genetics, altitude, environment, feed quality and animal husbandry. Continued focus on bird management and improving farm results has seen a reduction in mortality and improvement in feed conversion efficiency for the period under review.

Birds per week	F2014 Number	F2013 Number
Festive (Olifantsfontein)	**1 287 000**	1 082 000
Goldi (Standerton)	**1 900 000**	1 600 000
County Fair (Agter-Paarl)	**1 044 000**	1 111 000
Mountain Valley (Camperdown)	**164 000**	152 000
Total	**4 395 000**	3 945 000

The feeding cost to rear a broiler to slaughter age, made up 65% of the total live bird cost for the period under review, whilst the feed cost per kilogram of live weight produced remained in line with the prior year, with better broiler performances in the period under review negating the increase in feed prices.

Day-old chicks and hatching eggs

National Chicks, the group's commercial hatching egg and day-old chick producer operating in South Africa and Swaziland, experienced higher egg sales as a result of a substantial increase in the export of hatching eggs to Zimbabwe and Tanzania. Day-old chick sales reduced as a result of South African producers reducing or cancelling orders under the tough market conditions. National Chicks posted a much improved performance for the year compared to the comparable period in the prior year assisted by the growth in intergroup day-old chick volumes.

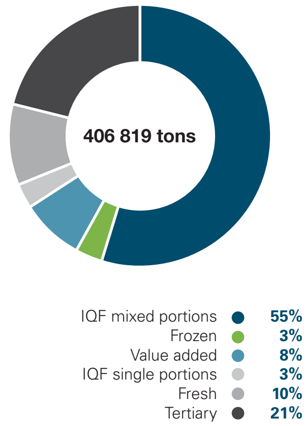
Broiler and breeder genetics

The group's genetic operation, Ross Poultry Breeders, operates in association with Aviagen Limited, a global leader in the development and genetic improvement of commercial chicken breeds. The Ross 308 performances have been very successful and will continuously be exploited to optimise the genetic potential of the breed.

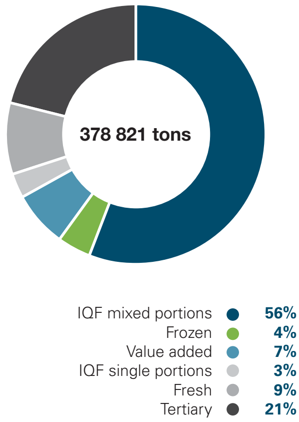
Feed division

Meadow Feeds supplied 53% of its total volume to the group's downstream poultry operations in F2014, an increase from 49% in the prior year as volumes from Afgri were initially absorbed into existing operations and later into Standerton as the mill came on line in the last quarter of F2014. Total volumes increased year-on-year to 1,27 million tons per annum, an increase of 4,5% driven by an increase in feed sales to Astral's poultry operations of 12,9%, offset by a drop in sales to the external market of 4,1%, as lower margin layer feed volumes were shed in order to accommodate growth in internal volumes.

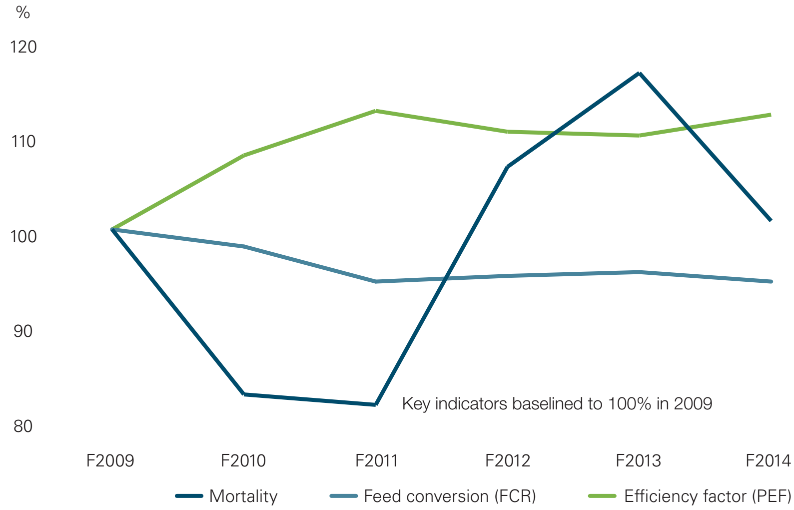
F2014 PRODUCT MIX (%)



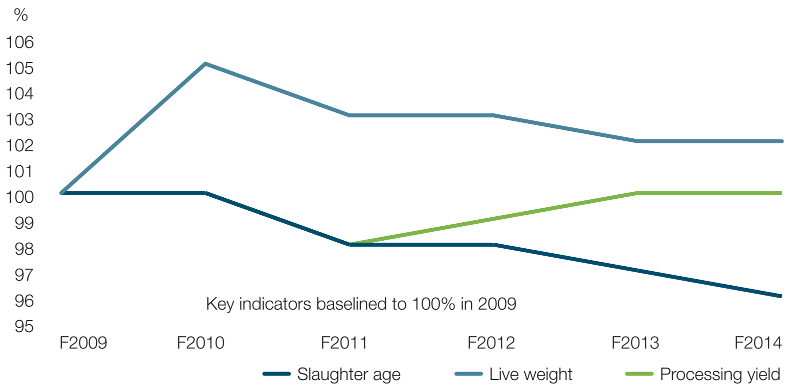
F2013 PRODUCT MIX (%)



POULTRY DIVISION COMBINED BROILER KEY INDICATORS: SEPTEMBER 2014



POULTRY DIVISION COMBINED BROILER KEY INDICATORS: SEPTEMBER 2014



CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

The new feed mill in Standerton was officially opened and commissioned during the last quarter of F2014. All the feed volumes previously manufactured by Afgri for Astral's Goldi broiler operation in Standerton were moved into the new facility, with the income stream of these volumes accruing to Astral in the last two months of the period under review.

With the addition of this new capacity, Meadow's production capacity increased to approximately 1,6 million tons with a utilisation rate of approximately 79%.

The price of maize, as a key driver of input costs into feed and the production cost of poultry meat, decreased significantly in the latter half of F2014 after reaching record highs in the first half. Due to extremely low stocks following injudicious exports, local maize prices increased towards the end of March 2014 directly impacting feed prices in the first six months of the reporting period, and peaking in April 2014 on the back of Astral's maize positions.

In contrast to the severe drought that impacted the US maize crop two seasons ago, near perfect weather has been experienced for the entire growing season of the 2014 crop resulting in a record production of 368 million tons of corn, and 107 million tons of soya beans.

The recent South African harvest produced a record maize crop, and together with healthy global maize and soya crops the softening of grain prices will at least benefit feed prices and livestock production costs in the first half of the new reporting period.

South Africa estimates a 14,3 million ton maize crop from this year's harvest, the largest crop in history which should have kept prices at export parity. However, an unfamiliar lack of farmer selling and the depreciation of the Rand have made local prices uncompetitive in the export market. Local maize prices have fallen substantially but remain expensive relative to CBOT expressed in Rand terms.

The wide disparity between the movement in the poultry selling price and the feed price both expressed as indices, has narrowed somewhat over the past year when compared to the prior reporting period.

Other Africa

Astral's African operations comprise animal feed production facilities in both Mozambique and Zambia, and day-old chick broiler hatcheries with broiler breeder farms located in Zambia, Mozambique and Swaziland.

Zambia

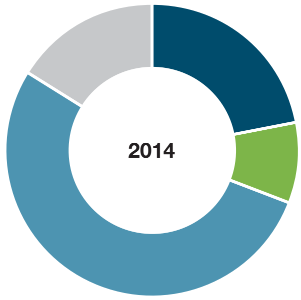
Feed sales from Tiger Animal Feeds increased by 1% for the period under review hampered by the increase in the cost of local maize and soya beans. During the financial year ageing equipment continued to be replaced in the feed mill to improve on operational efficiencies.

Day-old chick sales from the hatchery and broiler breeder operation known as Tiger Chicks, increased by 84% for the year following the successful completion of increasing production capacity by 100 000 day-old chicks per week.

Mozambique

Meadow Mozambique feed sales increased by 16% of which 6% was due to internal broiler breeder feed sales to the Mozpintos breeder farm. External feed sales increased in line with the division's expansion into own managed feed and day-old chick depots to improve product availability and service delivery to small-scale farmers.

MEADOW SALES F2014 (%)



Source: Own data

Day-old chick sales increased by 14% with record sales achieved over the festive period from the Mozpintos hatchery situated outside Maputo. In January 2014 the first Indian River parent stock were placed at the breeder farm in order for operations to become self-sufficient in the supply of broiler hatching eggs to the hatchery. The first eggs were set in August 2014. The incubator capacity of the hatchery was successfully increased from setting 65 000 eggs per week to 192 000 per week in September 2014.

Swaziland

The Swaziland hatchery and broiler breeder joint venture with a recognised local broiler producer, posted a 10% improvement in profitability resulting from an improved contribution from the depot network, coupled with stringent cost controls.

Key investments

Capital expenditure for the period under review of R404 million was up on the prior year's R241 million. Continued capital expenditure commitments for the Standerton feed mill project were incurred during the period under review.

BROILER SELLING PRICE INDEX vs BROILER FEED PRICE INDEX

Source: SAPA & CJA Strategic Risk Brokers

CAPITAL EXPENDITURE

F2014 – Rm	Replacement	Expansion	Total
Poultry	86,2	200,1	286,3
Feed	39,1	59,6	98,7
Other Africa	3,3	15,7	19,0
Total	128,6	275,4	404,0

Capital costs for the LPG replacement project (R60 million) and the expansion of processing capacity at County Fair (R79 million) was incurred during the year.

Key challenges going forward

Industry

Trade relations between the EU and South Africa are governed by the Trade, Development and Cooperation Agreement (TDCA) which is a bilateral free trade agreement (FTA) between the whole of the EU and South Africa. FTAs are exceptions to the normal World Trade Organisation agreements. In terms of the TDCA there are no duties on poultry imports from the EU with effect from 1 January 2012.

This duty free status (a so-called fair trade measure) does not prevent unfair trade actions by the EU.

Through SAPA an anti-dumping application was submitted to ITAC against three EU member countries. ITAC implemented provisional anti-dumping duties ranging from approximately 22% to 73% against poultry imports from the UK, Netherlands and Germany until 2 January 2015. It is of paramount importance that these measures are permanently implemented to stem the tide of dumped poultry products into South Africa.

In terms of the TDCA there is a general relief mechanism known as a safeguard (Article 16 of the TDCA) which deals with "serious disturbances" in the market. In addition to the anti-dumping application SAPA will be submitting an application in line with the "general relief mechanism" contained in the TDCA which will cover imports from all 28 EU countries, not just the three listed in the anti-dumping measures. Currently only 9 of the 28 EU nations have veterinary permission to export to South Africa. They are the UK, Netherlands, Germany, Spain, Belgium, Denmark, Hungary, Ireland and France. The security of the local poultry industry and retention of jobs, rests firmly on the ability of the industry to remain competitive and cost efficient, with effective trade barriers that prevent illegal imports and the injudicious dumping of poultry in South Africa.

Proposed new brining legislation has been advocated by the Department of Agriculture, Forestry and Fisheries (DAFF), where levels of 8% have been suggested versus the current uncapped and unregulated industry brining practices. Whilst Astral supports the requirement for better regulatory control and compliance, reducing the brining of frozen chicken to 8% will have a detrimental impact on yields (current brine levels at approximately 30%) and will definitely lead to extensive poultry selling price

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

increases. Currently no date has been set for gazetting of the regulations. The regulators have handed the dossier to the Deputy Minister (DM) who has to sign it before it goes to the Minister for his approval and signature. SAPA have recently been promised that a roundtable discussion between DAFF and SAPA, to be chaired by the DM, is to take place in November 2014. SAPA have been informed that there will be some time (not quantified) after the meeting with the DM before anything might progress and that a final decision would be phased in (no period has been discussed but SAPA have been informed in the past that there would be six months post gazetting for implementation).

Poultry selling prices

A key challenge for Astral is to continuously achieve a poultry selling price that allows for the satisfactory recovery of input costs to ensure future investment in the business to position Astral for growth, the payment of dividends to shareholders and to contribute to the fiscal budget through company taxes. This becomes of even more importance with the recent supply agreement concluded between County Fair and Tydstroom, where the risk of marketing and selling the poultry products at suitable pricing levels now rests firmly with Astral.

Business acumen in foreign territories

Challenges with regard to the adherence to administrative controls in Zambia during the period under review and the concomitant impact of stock mismanagement and unfavourable stock positions have highlighted the importance of recruiting and retaining appropriately skilled and conscientious staff, particularly in the area of finance, in countries outside of our borders. No matter where Astral has an operational presence the group's policies and procedures must be strictly adhered to at all times and no lapses in internal control can be tolerated. A programme to attract, recruit and train skilled individuals will focus on this important aspect of our business, particularly as Astral strives to grow on the continent.

Municipal infrastructure

It is becoming evident that ailing municipal infrastructure can have a significant impact on the business, particularly cuts in municipal water supply, which impact the operation of the broiler processing plants significantly. Astral will work with municipalities to address these challenges and implement measures to curb their impact on the business.

Principal risks

The key risks facing the group have once again been evaluated and the following were prioritised and risk mitigation plans developed.

Key risks identified include the following:

- Non-conformance to feed premix and final feed specifications.
- Prolonged imbalance in supply and demand of poultry.
- Avian diseases and lapses in biosecurity measures.
- Loss of the superior genetic performance of the Ross 308.
- Raw material price volatility.
- Availability and cost of energy.

In the management and mitigation of these risks, Astral has set out particular action plans (see page 33), and management systems have been implemented to support the operations in managing critical risks that could impact on the sustainability of the group's results.

Acquisitions and disposals

Acquisitions

KwaZulu-Natal poultry assets

During the period under review Astral acquired certain assets following the liquidation of a poultry producer in KwaZulu-Natal (KZN). The assets held by Argyle came up for tender by closed bid and were acquired at a fraction of replacement value. Astral, who already has a presence in KZN through its broiler operation, Mountain Valley, and day-old chick breeding and hatchery operation, National Chicks, viewed certain of these assets with interest as they would complement and add value to its existing operations.

The assets purchased were two broiler farms and a day-old chick hatchery operation. All bids were successful for these assets located around Wartburg in KZN. With the strategic expansion of the poultry processing operation at Mountain Valley additional broiler rearing capacity was required, and with constrained capacity at National Chicks, the largest day-old chick producer in the country, the hatchery filled an important role in Astral's growth both regionally and nationally.

Western Cape poultry assets

Following the closure and liquidation of a poultry business in the Western Cape, Astral acquired the abattoir equipment by way of a live auction held during the year.

These assets have been distributed between Astral's broiler processing operations at both County Fair and Mountain Valley, where they have been put to good use in expanding capacity at both operations.

New developments

In line with our strategic intent, Astral will focus on certain key projects in the coming year. Critical to this approach will be the "bedding down" of major capital expenditure and acquisitions undertaken over the past two years.

County Fair expansion

Following the signing of a broiler supply agreement between County Fair and Tydstroom (Quantum Foods) during the year, the R79 million capacity expansion project at County Fair was successfully implemented and from the beginning of October 2014 an additional 550 000 broilers per week are now being processed and marketed by Astral in the Western Cape. Focus will be placed on realising the product mix benefits and economies of scale derived from this expansion in the coming year.

Expansion into a fourth African country

A concerted effort is being made on entering a fourth country outside of South Africa's borders with a new greenfields investment.

Festive (Olifantsfontein) realignment

Capital has been invested in the Festive processing plant to improve flexibility and efficiencies. The project has resulted in increased fresh processing capacity and will contribute to an optimised product mix in the new financial year.

Market developments

Astral's strategy to increase participation in the more predictable and consistent demand markets encompasses both a customer and product type perspective. Growth in sales of fresh chicken, further processed value-added products and supply of licensed products to the food service sector has been achieved. There is a strong desire and expectation to further improve Astral's performance in all three categories.

A number of privately owned broiler operations were closed or liquidated in the past two years due to financial pressures. Most of these companies supplied fresh chicken to the retail and wholesale market and the volume switch resulted in a 21% year-on-year increase for Astral's fresh chicken volumes. The fresh free range products have performed to plan and remain a niche offering.

County Fair's crumbed further processed products have recently been boosted by the addition of five new retail variants. Continued innovation is planned to ensure County Fair maintains market leadership in the category and increases its value-added volume participation.

Astral's share in the foodservice sector has shown good growth despite its relatively small current market share. Astral has experienced continued strong volume growth in Famous Brands and Spur with deboned, fully cooked, further processed and bone-in portion categories. Investment in deboning capacity has enabled new market opportunities which were previously dominated by imports and continue to grow.

Supply chain

Astral continually analyses opportunities to further secure the Poultry division's supply chain and route to market in the long term, and will focus on optimising further integration in the key areas of cold storage as well as efficient, cost effective and reliable frozen and chilled distribution to our customers.

Skills development

Astral embarked on an employee skills development programme during 2011, with elected individuals participating in management development courses hosted by the North West University. Each employee embarking on this "CEO Pinnacle Programme" is studying towards a specific certificate qualification and has been assigned a mentor from within the company for the duration of their year-long studies. The programme includes three tiers of management development courses. A number of students, with a representation of 48% of the designated groups, has recently completed their studies with a pass rate of 99%. Altogether 11 of these participants have in the interim been promoted into executive positions within the group.

Transformation update

Astral received an updated BBBEE score (BB or level 5 rating) during the period under review with the group improving its score from 55,57% to 60,99% towards the employment equity targets as stipulated in the AgriBEE Charter. The group reports positive progress in this area and its focus will remain on improving the company in those areas identified as lacking against targets set on the scorecard. Astral is an equal opportunity employer, committed to the principles and objectives of the Employment Equity Act.

Alliances

Key alliances continue to play an important role in positioning Astral as a leading integrated poultry producer, and our association with international leaders in their respective fields is fostered and actively reinforced within the group.

International alliances include the following:

- Aviagen, a global leader in poultry genetics.
- Provimi, an international specialist in animal nutrition.
- Nutron, a Brazilian animal nutrition and poultry husbandry specialist.
- Cargill, the global leader in grain trading and shipping.
- Seaboard, a company focused on sourcing and supplying protein-based soft commodities.

Strategic service providers include:

- CJA Strategic Risk Brokers, which provides the group with statistical models that support decision-making in the forward procurement of key raw materials for use in feed production.
- ENS Africa, providing a wide range of legal services.
- SA Outsourcing, providing IT network infrastructure.
- Barloworld Logistics, providing an outsourced transport solution for feed to Meadow.
- Imperial Logistics, through The Cold Chain provide an outsourced chilled and frozen chicken storage and distribution service to the Poultry division.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Outlook

The slowing level of growth in the economy and higher unemployment levels will continue to depress consumer spending, and there is strong evidence that the average household will have to make ends meet off a reduced discretionary budget.

Through the South African Poultry Association an anti-dumping application was submitted to ITAC against three EU member countries. ITAC implemented provisional anti-dumping duties against poultry imports from the UK, Netherlands and Germany until 2 January 2015. It is of paramount importance that these measures are sanctioned on a more permanent basis by the Minister of Trade and Industry in order to stem the tide of dumped poultry products into South Africa.

The recent South African harvest produced a record maize crop, and together with healthy global maize and soya crops the softening of grain prices will at least benefit feed prices and livestock production costs in the first half of the new reporting period.

Astral has engaged in an expansion drive over the past year, with sizeable investments in various value-enhancing projects. The "bedding down" of these investments and achieving the projected returns will be a key focus area in the new financial year.

Appreciation

In closing, I extend my gratitude to all our loyal customers for their continued support this past year, and to all our suppliers and service providers; thank you.

Thank you to my colleagues in management and staff, for your loyalty and support during arguably the worst period experienced by the poultry industry over the past two decades. The support that was received from the staff and colleagues at all levels is commendable, particularly with unpopular decisions being necessary to guide the group to a sustainable position from which we can drive our investment strategies for future growth and prosperity.

I also wish to express my sincere appreciation to all members of the Astral Foods board for their unfailing commitment and contribution during the year. A special word of thanks to our outgoing Chairman, Mr Jurie Geldenhuys, for his unwavering support and strategic leadership over his 13-year tenure. I also wish to congratulate Dr Theuns Eloff on his appointment as Chairman of the Astral Foods board, and look forward to his ongoing guidance and contribution.

Chris Schutte
Chief Executive Officer

Pretoria
12 November 2014

OUR LEADERSHIP IS INSPIRATIONAL

OUR LEADERSHIP WITHIN THE GROUP IS INSPIRATIONAL. HIGH BUT ACHIEVABLE STANDARDS ARE SET, EMPLOYEES ARE MOTIVATED BY REALISTIC OBJECTIVES AND THEY ARE ALLOWED TO PARTICIPATE IN SETTING THOSE OBJECTIVES.

CHIEF FINANCIAL OFFICER'S REVIEW

HIGHLIGHTS

- External revenue increased by 12,9% driven by increased poultry sales.
- Turn around back to profitability by the Poultry segment.
- Operating profit at R493 million represents an increase of 88% on the previous year.
- Total dividend at 440 cents per share.

Financial results

	2014 Rm	2013 Rm	Change %
Revenue	**9 602**	8 509	+13
Operating profit	**493**	262	+88
Operating profit margins	***5,1%***	*3,1%*	
Profit on sale of business unit		47	
Net finance costs	**(25)**	(27)	
Share of profit from associates	**2**	6	
Profit before tax	**470**	288	+63
Tax expense	**129**	77	
Profit for the year	**341**	211	+62
Headline earnings	**330**	165	+100

External revenue increased by 12,9%. The main contribution came from the Poultry division with an increase of 16,2% on the back of improved volumes (up 6,7%) and prices (up 7,9%).

The Feed division increased external revenue by 3,7% and the other Africa division by 12,9%.

Operating profit at R493 million represents an increase of 88% on the previous year. The previous year's reported operating profit has been restated following the mandatory adoption of revised accounting statement IAS 19R. The impact of this was a reduction of R5 million in the previous reported operating profit in respect of the reclassification of the remeasurement of post-employment benefits to other comprehensive income.

The improvement in the group's operating profit was largely the result of Poultry reporting a profit of R104 million versus the R112 million loss for the previous year. The Poultry profit margin of 1,5% is however still low and does not represent normalised trading conditions for the poultry industry. Although the maize prices declined towards the end of the financial year, feed costs were still high throughout the year. The increase in poultry prices were not sufficient to result in acceptable margins and returns for this segment.

The Feed division continued with consistent profit performance by increasing operating profit by 7%. At R354 million it contributed 72% towards the group's operating profit.

The division benefited from increased internal sales while still conducting external business on a sound profitable basis.

The other Africa division's profits were down to R35 million (2013: R45 million) following a disappointing first six months. Profitability during the second half of the year recovered to normalised levels.

IFRS 11 (Joint Arrangements) was adopted which resulted in a change in accounting policy. The impact on the prior year's results was a reduction of R33 million previously recognised as profit on sale of an interest in a joint venture.

Net finance cost of R25 million was marginally lower than the previous year's R27 million. A further R14,2 million of interest paid was capitalised as part of major long-term capital expenditure projects in respect of property, plant and equipment.

Tax was provided at 28% for the South African operations and at the official tax rates of the tax jurisdictions in which foreign operations conduct their business activities. The total tax charge represents mainly a combination of normal and deferred tax and a small amount of withholding tax on dividends received from foreign subsidiaries.

ACHIEVEMENTS

Completion of four major capital projects, namely:

- New feed mill in Standerton.
- Capacity expansion at the County Fair processing plant.
- Conversion of poultry houses to lower cost coal heating.
- Expansion of broiler farms in KwaZulu-Natal.

FOCUS

- Keeping debt at acceptable levels.
- Reinvesting in projects that will bring about improved efficiencies and assist in protecting profit margins going forward.

DAAN FERREIRA –
CHIEF FINANCIAL OFFICER

Net profit for the year at R341 million increased by 62% on the prior year, whilst headline earnings of R330 million, which excludes profits and losses on sale and scrapping of assets and investments, showed a 100% improvement on the previous year.

Statement of financial position

	2014 Rm	2013 Rm	Change %
Non-current assets	**2 242**	1 983	+13
Current assets (excluding cash)	**2 003**	1 845	+9
Total assets (excluding cash)	**4 245**	3 828	+11
Non-current liabilities (excluding borrowing)	**(575)**	(548)	+5
Current liabilities (excluding borrowings)	**(1 551)**	(1 322)	+17
Net assets	**2 119**	1 958	+8
Financed by:			
Equity	**1 945**	1 695	+15
Net borrowings	**174**	263	(34)
	2 119	1 958	+8

Non-current assets consist mainly of property, plant and equipment. Major capital expenditure items during the year which contributed to the increase of 13% were the following:

- R61 million on the new feed mill in Standerton.
- R60 million on the first phase of the conversion of Liquid Petroleum Gas heating of poultry houses to lower cost coal boiler heating in the Western Cape.
- R79 million capacity expansion at the County Fair processing plant.
- R29 million on expansion of broiler farms at Mountain Valley in KwaZulu-Natal.

Current assets (excluding cash) consist of inventories, biological assets and trade and other receivables. The cost of biological assets increased due to higher feed cost and an increased cost in breeding genetics. Trade and other receivables increased in line with higher sales in the last month of the financial year. Trade and other receivables include R29 million in respect of a government grant received

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

as a contribution to the capital cost of the new feed mill in Standerton.

Non-current liabilities (excluding borrowings) consist of deferred tax provisions and employee benefit obligations. The deferred tax provision stemmed from the utilisation of tax allowances on capital expenditure and the lower closing stock values in respect of biological assets used for tax calculations.

Employee benefit obligation represent an actuarial valued obligation in respect of post-retirement medical benefits, and the long-term portion of retention benefits payable to employees.

Current liabilities increased by 17% due to a higher tax liability and higher outstanding payments in respect of capital expenditure.

Net borrowings of R173 million consisted of loan funding for the newly built feed mill in Standerton (R189 million), funding of the hatchery and breeding farm expansion in Zambia (R17 million) offset by cash and cash equivalents which were in a net surplus of R32 million.

The improvement in the cash and cash equivalents of R110 million to a positive R32 million was achieved as a result of increased cash operating profits, additional project funding received of R24 million to finance capital expenditure projects, and R66 million received from the issue of shares in respect of share options exercised by employees.

Ratios

The net debt to equity ratio of 8,9% was lower than the previous year's 15,5%.

The return on net assets at 20% was an improvement of the previous year's 11,7%.

The return on equity improved from 12,7% to the current year's 18,7%.

The dividend cover for the year remained at two times.

Conclusion

The group was again successful in keeping debt at acceptable levels throughout the financial year in spite of relatively high capital expenditure. Improved profitability was the main contributor to this achievement. The group remains committed to reinvesting in projects that will bring about improved efficiencies and assist in protecting profit margins going forward.

Daan Ferreira
Chief Financial Officer

Pretoria
12 November 2014

RATIOS AND STATISTICS

		2014	2013	2012	2011	2010	2009	2008
Profit information								
Revenue	Rm	**9 602**	8 509	8 160	7 227	7 006	7 407	6 853
EBITDA	Rm	**627**	384	600	793	694	685	637
EBITDA margin	%	**6,5**	4,5	7,4	11,0	9,9	9,3	9,3
Operating profit	Rm	**493**	262	477	675	585	581	548
Operating profit margin	%	**5,1**	3,1	5,8	9,.3	8,4	7.8	8.0
Profit for year	Rm	**341**	211	333	435	364	353	334
Headline earnings for year	Rm	**330**	165	300	437	365	338	320
Financial position information								
Total assets	Rm	**4 375**	3 921	3 544	3 425	3 157	3 174	3 157
Total equity	Rm	**1 945**	1 695	1 596	1 586	1 446	1 366	1 328
Total liabilities	Rm	**2 430**	2 227	1 947	1 839	1 711	1 807	1 829
Net assets	Rm	**2 566**	2 375	2 107	2 012	1 950	1 918	1 791
Profitability and asset management								
Return on total assets	%	**11,9**	7,0	13,8	20,7	18,6	18,5	18,4
Return on equity	%	**18,7**	12,7	20,8	28,6	25,8	26,0	25,3
Return on net assets	%	**20,0**	11,7	23,2	34,1	30,3	31,3	31,3
Net asset turn	times	**3,9**	3,8	4,0	3,7	3,6	4,8	4,7
Shareholders' ratios								
Earnings per share	cents	**884**	545	865	1,128	940	906	858
Headline earnings per share	cents	**864**	434	787	1,148	960	890	840
Dividend per share	cents	**440**	222	672	810	760	700	700
Dividend cover*	times	**2,0**	2,0	1,2	1,4	1,3	1,3	1,2
Stock exchange statistics								
Market value per share								
– At year-end	cents	**15 225**	9 500	10 400	11 700	11 150	10 399	9 650
– Highest	cents	**16 000**	10 900	13 200	13 956	11 939	11 200	15 490
– Lowest	cents	**7 950**	8 530	10 100	10 811	9 400	7 380	7 300
Closing dividend yield	%	**2,9**	2,3	6,5	6,9	6,8	6,7	7,3
Closing earnings yield *	%	**4,8**	4,6	7,6	9,8	8,6	8,6	8,7
Closing price/earnings ratio	times	**20,7**	21,4	13,2	10,2	11,6	11,7	11,5
Number of shares issued @	'000	**42 723**	42 149	42 149	42 149	42 136	42 136	42 136
Number of transactions		**54 683**	45 653	40 209	37 385	20 613	13 439	17 492
Number of shares traded	'000	**26 440**	21 922	24 820	17 890	18 873	18 411	23 646
Number of shares traded as a percentage of issued shares	%	**62**	52	59	42	45	44	56
Value of shares traded	Rm	**2 947**	2 064	2 912	2 214	2 007	1 715	2 596
Closing market capitalisation	Rm	**6 505**	4 004	4 383	4 931	4 698	4 382	4 066

@ Refer to note 11 of the financial statements for the number of shares effectively in issue net of treasury shares.
** Based on headline earnings per share.*

DEFINITIONS

Operating profit margin
Operating profit before interest and tax as a percentage of revenue.

EBITDA
Operating profit before interest, tax, depreciation and amortisation.

Net assets
Total assets less total liabilities excluding cash and cash equivalents, borrowings, normal and deferred tax, and shareholders for dividends.

Return on total assets
Operating profit as a percentage of average total assets.

Return on equity
Net profit attributable to ordinary shareholders as a percentage of average ordinary shareholders' interest.

Return on net assets
Operating profit before interest and income tax as a percentage of average net assets.

Net asset turn
Revenue divided by average net assets.

Basic earnings per share
Net profit for the year divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares).

Headline earnings per share
Headline earnings divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares).

Headline earnings
Net profit for the year adjusted for profit/loss on sale of property, plant and equipment, and investments.

Dividend cover
Headline earnings per share divided by dividend per share declared out of earnings for the year.

Closing dividend yield
Dividends per share as a percentage of market value per share at year-end.

Closing earnings yield
Headline earnings per share as a percentage of market value per share at year-end.

Closing price/earnings ratio
Market value per share divided by headline earnings per share at year-end.

QUICK FACTS

PRODUCTION OF FEED PER ANNUM
1,3M TONS

NUMBER OF AFRICAN COUNTRIES OPERATING IN
4

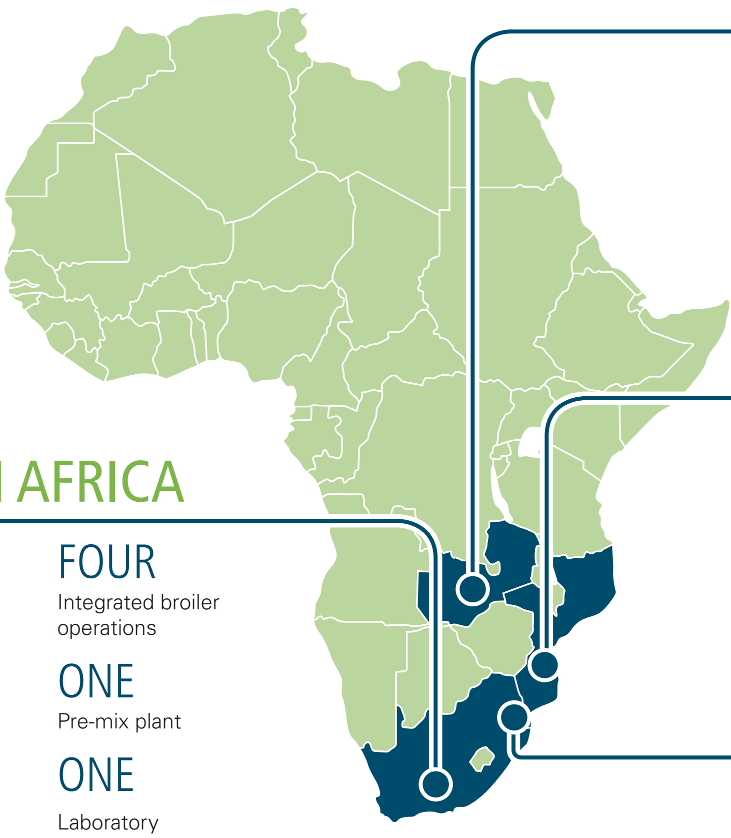
ASTRAL EMPLOYMENT COUNT
11 755

NUMBER OF BROILER PROCESSING PLANTS
4

BROILERS PROCESSING CAPACITY PER WEEK
4 395 000

DAY-OLD CHICKS HATCHED PER WEEK
5 610 000

BBBEE RATING LEVEL
5



ZAMBIA

ONE
Feed mill

ONE
Breeding and hatchery operation

MOZAMBIQUE

ONE
Feed mill

ONE
Breeding and hatchery operation

SOUTH AFRICA

SEVEN
Feed mills

FOUR
Integrated broiler operations

ONE
Day-old chick and hatching egg supplier

ONE
Pre-mix plant

ONE
Laboratory

ONE
Genetic operation

SWAZILAND

ONE
Breeding and hatchery operation

OUR OPERATING ENVIRONMENT

The following economic issues are key focus areas to the group:

Commodity availability and price

The following commodities account for some 84% of our poultry and animal feed requirements:

- maize;
- soya;
- sunflower;
- fish meal; and
- vitamins and minerals

These commodities are the main components of our poultry feed requirements accounting for 84% of the cost of poultry feed. These commodities are procured by our Feed division in line with the group's approved procurement strategy which is driven by supply and demand. We manage poultry feed utilisation by closely monitoring all impacting factors such as slaughtering age and feed conversion efficiency.

Imbalance in poultry supply and demand

Periods of over-supply of poultry products in the industry can have a serious negative impact on sales realisations and profitability. We focus on producing poultry products at the lowest possible cost in order to protect margins in times of over-supply.

Local poultry demand has been hampered through lower per capita disposable income as a result of higher levels of unemployment. Job creation and higher levels of discretionary disposable income remain key drivers for firmer poultry prices.

The consumer market

Growth in the consumer market is a determining factor in the demand for poultry and is driven largely by population growth and the level of employment.

Poultry prices

Prices are primarily driven by supply and demand which, in turn, is influenced by many factors. We benchmark on-shelf pricing levels and the availability of product on a regular basis to ensure that our prices remain competitive. Stockholding levels are closely managed and pricing strategies adjusted accordingly.

Product mix

The product mix plays an integral part in optimising sales realisations. It is important to optimise bird supply into processing and then through to sales in order to benefit from the prevailing market demand. Product contribution reports are regularly reviewed in order to drive sales decisions.

Poultry imports

Poultry imports from Brazil and the European Union continue to have an impact on the local poultry industry, which has been borne out by the closure of a number of small local producers.

Imports have however reduced by 6% during 2014 and have resulted in a better balance of supply and demand at the end of the 2014 financial year.

SUPPLY

- Imports of poultry meat including dumping
- Poultry industry stock levels
- Domestic production levels
- Foreign exchange rates
- Long poultry production cycle

DEMAND

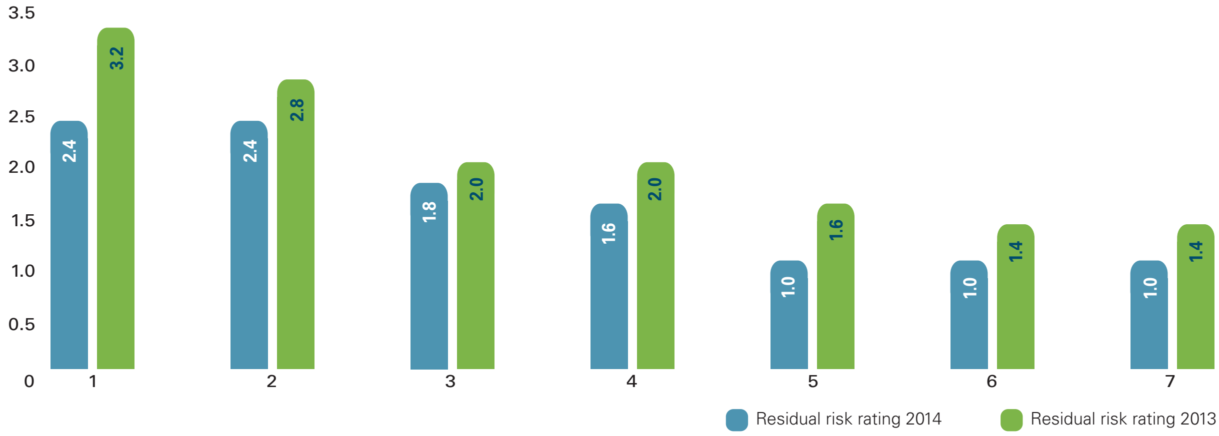
- Population growth
- Per capita consumption
- Level of employment
- Changes in consumer preferences
- Prices of competing protein products
- Disposable income
- Urbanisation

BUSINESS RISK REPORT

Business risk	Risk mitigation plans
Prolonged imbalance in supply and demand as a result of the following factors: • Local expansion • High levels of imports • Classical dumping of poultry meat in South Africa • Disposable income and consumer spend	• Participation in industry bodies presenting arguments for the protection of local industry against subsidised imports and dumping. • Responsible expansion and production programmes. • Monitoring of bird weight and production mix.
Availability and cost of energy • Regional and seasonal shortages of specifically liquefied petroleum gas are experienced. • Cost and availability of electricity.	• Alternative energy sources identified and utilised. • Centralised procurement. • Planned production runs.
Breakdown in biosecurity and threat of new diseases Diseases would not only impact the group through the possible depletion of flocks, but could influence growth, fertility and hatchability.	• Regular disease monitoring. • Serological, microbiology and molecular surveillance. • Increased level of biosecurity, including suppliers. • Availability of vaccination procedures. • Culling and disposal protocols. • Elimination of vectors e.g. bird proofing. • Cleaning and disinfection programmes. • Contingency plan formulated in case of outbreak.
Micro-ingredient deficiency and/or contamination with undesirable substance Vitamin, mineral and feed additive premixes are included in animal feed. Should this premix not conform to the required specification with respect to micronutrient content it could impact on the health and growth of livestock.	• Pre-screening of suppliers. • Country of origin quality control. • Ongoing improvement in quality and production technology.
Non-conformance to final feed specifications Should animal feed not conform to the required quality standards and nutritional levels it could impact on the growth, performance and production efficiency of livestock.	• Pre-screening of raw materials. • Country of origin quality control. • Analytical laboratory competency. • Stringent quality standards. • Independent quality audits. • Ongoing improvement of technology. • Inclusion of ingredient tracers.
Raw material price volatility Prices of all agricultural inputs tend to fluctuate with a major impact on input costs.	• Alignment with global traders. • Key raw material procurement centrally co-ordinated. • Feed procurement committee reviews procurement strategy and prices. • Genetic performance.
Genetic performance Genetic improvement programmes to ensure that the performance of the Ross 308 is maintained at optimal levels.	• Benchmarking. • Utilisation of technology. • Standardisation of best practice. • Alignment with best genetic provider.

BUSINESS RISK REPORT (CONTINUED)

RESIDUAL RISK RATING



Risk	
1	Prolonged imbalance in supply and demand
2	Availability and cost of energy
3	Breakdown in biosecurity and threat of new diseases
4	Micro-ingredient deficiency and/or contamination
5	Non-conformance to final feed specifications
6	Genetic performance
7	Raw material price volatility

Residual risk status

This is the value of risk that the organisation is exposed to taking into account the inherent risk, reduced by the related controls which exist to manage that risk. Residual risk/exposure is therefore the product of the inherent risk and the control effectiveness factor. Residual risk can be ranked or classified from 1 to 5 as follows:

Level	Description	Rating
Immediate action required	Management should take immediate action to reduce residual risk exposure to an acceptable level.	4+
Action required	Management should implement more controls or increase the effectiveness of current controls to reduce the residual risk to a more acceptable level.	3 – 4
Monitor	Management should constantly monitor the risk exposure and related control effectiveness.	2 – 3
Tolerable	The residual risk exposure is acceptable to the company.	1 – 2
Acceptable	Management may consider reducing the cost of control.	0 – 1

STAKEHOLDER ENGAGEMENT

Proactive and frank stakeholder engagement is at the heart of our efforts to maintain the sustainability of our business.

We have identified all our stakeholders and we engage directly with them by way of organised dialogues, roundtable discussions, one-on-one meetings and regular engagement with local communities at each operation. Enquiries from shareholders are generally handled by our Chief Executive Officer directly and information that is in the public domain is disclosed.

We also make use of external benchmarking and standards that are designed to reflect and address societal expectations.

At operational level, we identify, prioritise and directly engage with stakeholders on matters that have the potential to affect their operational, sustainability or financial performance.

At a strategic level our corporate and regional management teams implement ongoing programmes of timeous direct and indirect engagement with stakeholders and we use a variety of channels such as our website, media, advertising and integrated reporting.

Stakeholder groups include employees, customers and clients, shareholders and investors, suppliers and strategic partners, governments and regulatory bodies and associated stakeholders including unions, communities, non-governmental organisations, media and institutions.

Detailed information regarding our stakeholders are contained in the Sustainability Report on page 74.

MATERIAL FOCUS AREAS

STRATEGIC FOCUS AREAS

Our approach to sustainable value creation

	MATERIAL FOCUS AREAS	
ECONOMIC	Operational efficiencies	Vertical integration
	Income and growth	Increase processing capacity
	Cost and cash management	Best cost approach
	Business risk	Regulatory compliance
SOCIAL	Human rights	Compliance policies
	Employees	Skills development – CEO Pinnacle Programme
	Equality, empowerment and transformation	Preferential procurement
ENVIRONMENT	Regulatory compliance	Underlying environmental policy
	Alternative energy sources	Waste to energy solutions
	Resource optimisation	Water management
	Strategic alliances	Membership of industry bodies
EXTERNAL RELATIONSHIPS	Clients and customers	Brand awareness
	Corporate social investment	Wellness programme
	Stakeholder engagement	Integrated reporting
	Quality standards from farm-to-fork	HACCP and ISO certifications
PRODUCTS	Compliance audits	Quality audits conducted by customers
	Consumer Protection Act	Standard operating procedures

OPERATIONAL/STRATEGIC RESPONSE

Optimising Ross 308 genetic potential	Information management	Optimise farm performances	Mechanisation	
Market segment participation	Product innovation	Integrated planning	Feed milling capacity	African expansion
Reduce impact of administered cost increases	Sound working capital management		Maintain a healthy balance sheet	
Internal control environment	Internal and external audits		Policies and procedures	
Code of ethics	Occupational health and safety		Social and Ethics Committee	
Staff retention	Leadership and senior management succession planning		Workplace improvement programme	
Overall BBBEE rating	Employment equity	Transformation programme – broiler growers		
Environmental risk assessments	Environmental impact assessments		Responsibility to air quality and monitor emissions	
Establish carbon emissions baseline	Sustainability reporting			
Electricity management	Land management			
Strategic local and international partners	Preferred suppliers	Outsourced logistics solutions		
Product responsibility	New products			
Community investment	Social and Ethics Committee			
Continuous, open and transparent communication	Investor roadshows	Press releases	SENS reporting	
Product traceability	Hygiene programmes	Adherence to accepted global healthy eating guidelines		
Group compliance policy				

BOARD OF DIRECTORS

Non-executive directors

Theunis Eloff* (59)

BJur (Econ), ThB, ThM, ThD

Appointed to the board on 8 May 2007

Member of the Audit and Risk Management Committee from October 2010

Chairman of the Social and Ethics Committee from November 2011

Member of the Human Resources, Remuneration and Nominations Committee from June 2014

Chairman of the board from June 2014

Served as minister of religion of a congregation in Pretoria since 1983. Completed doctorate in theological ethics. Left the ministry in 1989 and joined the Consultative Business Movement (CBM). Headed the Administration of Codesa and deputy director of the Transitional Executive Council before the 1994 elections. Served as CEO of National Business Initiative from 1995. Became Vice-Chancellor of his alma mater in 2002, and headed the merged North West University from 2004. Completed his second term at the NWU in May 2014.

Chairman of Die Dagbreek Trust and deputy chairman of the FW de Klerk Foundation. Past President of the Afrikaanse Handelsinstituut (AHI).

Malcolm Macdonald* (72)

BCom, CA(SA)

Appointed to the board on 14 November 2003

Chairman of the Audit and Risk Management Committee from October 2005

Served as Financial Director of Iscor Limited (now ArcelorMittal South Africa) and its international steel marketing company until retirement in 2004. Previously General Manager of the Industrial Development Corporation and non-executive director of many of its associated companies in a variety of industries (engineering, agriculture, chemicals, shipping, financial services, minerals extraction and processing).

Currently serves on the board and as Chairman of the Audit Committee of the listed Gijima group.

Nombasa Tsengwa* (49)

BSc, MSc, PhD (Biotechnology)

Appointed to the board on 8 May 2007

Member of the Human Resources, Remuneration and Nominations Committee from May 2009 and Chairman of the Human Resources and Remuneration section of this committee from February 2013

Started career as Research Assistant, University of Transkei. Previous positions include lecturer: Department of Genetics, University of Pretoria and Senior Co-ordinator: Agriculture and Agro-processing Sector within the National Research and Technology Foresight Project. Appointed as Corporate Manager: Biotechnology and Innovation Futures at the Council of Scientific and Industrial Research in 1999 before being appointed as Deputy-Director General: Environmental Management at the National Department of Environmental Affairs and Tourism in 2000. Joined Kumba Resources Limited (now Exxaro Resources Limited) as General Manager: Safety, Health and Environment in 2003. Appointed as General Manager: Coal Captive Mines in February 2010.

Izak Stephanus Fourie* (67)

BCom, CA(SA)

Appointed to the board on 1 July 2010

Member of the Audit and Risk Management Committee from July 2010

Member of the Human Resources and Remuneration Committee from October 2010

Retired as Chief Operating Officer of PricewaterhouseCoopers in 2005. Served on the PricewaterhouseCoopers Global Board and before that on the Coopers & Lybrand International Board. Also served on the Coopers & Lybrand International Audit and Accounting Standards Committee.

Previously served as the Chairman of Business Skills for South Africa (BSSA), a PricewaterhouseCoopers initiative with the National African Federated Chamber of Commerce and Industry (NAFCOC) to train emerging business people. Currently serves on the board of Cashbuild Limited and is Chairman of their Audit and Risk Management Committee and a member of their Human Resources and Remuneration Committee.

Tshepo Monica Shabangu* (42)

BProc, LLB, LLM

Appointed to the board on 1 July 2013

A legal professional with significant experience in managing the commercial and intellectual property portfolios of blue-chip companies. This includes the negotiation and drafting of commercial agreements and advising local and international companies regarding the identification, protection, exploitation and management of intellectual property. Also has extensive experience in corporate governance.

Previously the Chairman of the Anglo Inyosi Coal Community Trust and a Director of Inyosi (Pty) Limited, the broad-based black empowerment partner of Anglo Coal Limited. Resigned from these positions in November 2011 and currently sits as trustee of one of Royal Bafokeng's employee trusts. Past President of the South African Institute of Intellectual Property Law and a member of the Company Law Committee of the Law Society of the Northern Provinces. Previously a member of the Ethics Committee of the Law Society of South Africa. Recently appointed by the Law Society of South Africa as a representative of South Africa at the International Bar Association (IBA).

Currently employed as a partner in the law firm Spoor & Fisher.

Takalani Patricia Maumela* (46)

BCur, MBL

Appointed to the board on 1 July 2013

Member of the Social and Ethics Committee from August 2014

A seasoned manager in the healthcare industry with experience in adjudication of claims, membership management and management of walk-in client service centres in all provinces.

Currently employed at Metropolitan Health as Government Employees Medical Scheme General Manager and previously as Transmed General Manager. Prior positions include Clinical Executive at Qualsa Healthcare and Divisional Manager – Business Solutions at Discovery Health.

** Independent non-executive director.*

BOARD OF DIRECTORS (CONTINUED)

Executive directors

Christiaan Ernst Schutte (54)

Management Business Administration and Finance Dip

Chief Executive Officer with effect from 1 May 2009

Appointed to the board on 18 August 2005

Joined Golden Lay Farms, a division of Tiger Brands, the leading egg producing organisation in Southern Africa, in October 1984 as Assistant Farm Manager. Spent 18 years with the group in various positions including Sales Director from 1996 to 2002. Joined Astral Foods Limited in May 2002 as Manager of Retail Sales for Meadow Feeds before being appointed as Sales and Marketing director in August 2002.

Appointed as Managing Director for the Animal Feeds division in July 2004 responsible for Meadow Feeds Southern Africa and various other service related business units. Appointed as Chief Executive Officer of Astral Foods Limited on 1 May 2009.

Daniel Dirk Ferreira (58)

BCom, BCompt (Hons), CA(SA)

Chief Financial Officer

Appointed to the board on 1 May 2009

Employed by ICS Group Limited before the acquisition of ICS by Tiger Brands, where he held positions in operational financial management, tax management, project management and later as Group Financial Manager. He later joined Genfood as Group Financial Manager for two years before joining Astral in February 2001 as Group Financial Manager. He was appointed as Chief Financial Officer on 1 May 2009.

Theo Delport (54)

Dip. Sales Management

Managing Director: Poultry division

Appointed to the board on 23 March 2009

Started his career in 1984 as Sales Representative with Todays Frozen Foods and joined Spekenham in 1988 as Sales and Marketing Manager. He joined County Fair in 1992 as National Sales Manager (retail) and was appointed Managing Director in 2001. He resigned from County Fair in 2007 to become a partner in a private business venture but returned to Astral in May 2008 as Sales and Marketing Executive of the Poultry division.

He was appointed as Managing director of the Poultry division in March 2009.

Gary Desmond Arnold (42)

BSc Agric (Hons), MSc Agric, MBA, PrSciNat

Director: Business Development

Appointed to the board on 1 March 2012

Member of the Social and Ethics Committee from November 2011

Started his career in 1997 as Animal Nutritionist for Meadow Feeds Delmas and Meadow Feeds Welkom. In 1998 he was appointed as the Technical Manager for Meadow Feeds Delmas, and in 2001 appointed as the Technical Manager for Meadow Feeds Northern Region. In 2004 he was appointed as the Managing Director of Provimi SSA (previously Nutec Southern Africa), and in 2006 he was appointed to the position of Chief Operating Officer for Meadow Feeds in the Western Cape.

Appointed as Director: Business Development of Astral Operations Limited on 1 November 2010.

Obed Mooki Lukhele (39)

BVMCh BVSc (Hons), BSc (Hons) Entomology, AMP

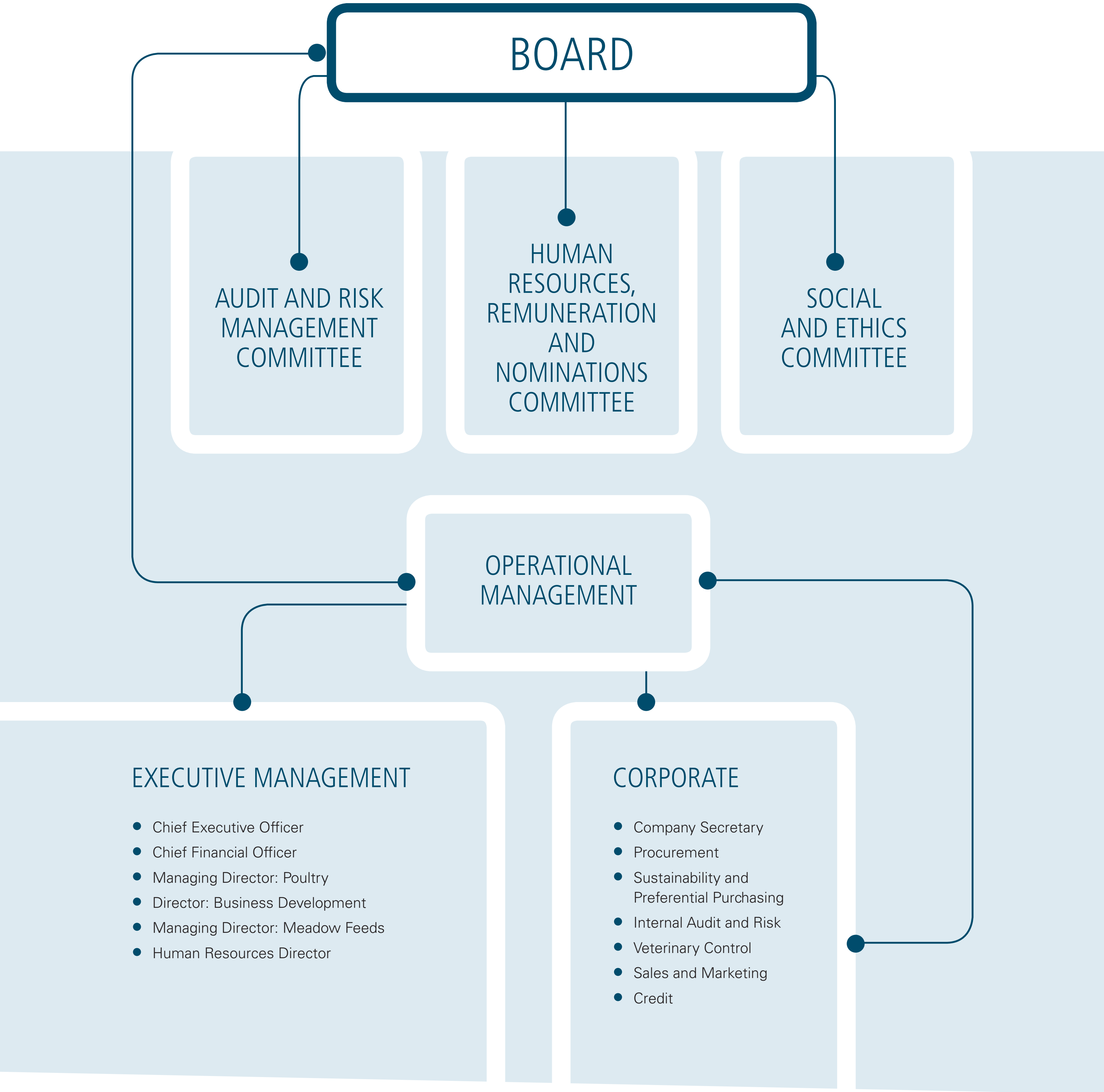
Group Veterinary Director

Appointed to the board on 1 May 2009

Started career at Virbac Animal Health in 2000 as a Poultry Technical Manager until mid 2002. Thereafter he held an Export Managerial position at Pfizer Animal Health for four years responsible for various sub-Saharan African countries.

Joined Astral Operations Limited in May 2007 as the Group Technical Manager for veterinary services. He co-authored three scientific papers in the field of entomology, veterinary anatomy and bovine infectious diseases.

GOVERNANCE STRUCTURE



EXECUTIVE MANAGEMENT

Chris Schutte (54)

Chief Executive Officer

Appointed as director of Astral Operations Limited in November 2006

Started career as Assistant Farm Manager in 1984 at Golden Lay Farms, a division of Tiger Brands. After 18 years with this group, joined Astral Foods Limited in 2002 as Manager of retail sales for Meadow Feeds.

Appointed as Managing Director for the Animal Feeds division in July 2004 before being appointed as Chief Executive Officer of Astral Foods Limited in 2009.

Daan Ferreira (58)

Chief Financial Officer

Appointed as a director of Astral Operations Limited in May 2009

Held various positions in operational financial management, tax management, project management before joining Astral Foods as Group Financial Manager in 2001.

Theo Delport (54)

Managing Director, Poultry division

Appointed as a director of Astral Operations Limited in March 2009

Spent the last 30 years in the fast moving consumer goods industry, of which four years was in the pork industry before entering the chicken industry in 1992. During this period he specialised in sales and marketing before being appointed Managing Director of County Fair Foods in 2001.

EXECUTIVE MANAGEMENT (CONTINUED)

Andy Crocker (44)

Managing Director, Meadow Feeds

Appointed as director of Astral Operations Limited in March 2012

Having previously farmed in the KwaZulu-Natal midlands, he joined Meadow Feeds as a Technical Advisor in 1998 as part of the team that established the Eastern Cape operations. He holds a BSc Agriculture degree from the University of Natal and a Master's degree in Business Management from Henley Management College, UK, and is a Registered Professional Scientist with the South African Council for Natural Scientific Professions. In 2000 he became the Technical Support Manager for the Eastern Cape before moving to Meadow Paarl as Sales Manager in 2002. Originally appointed as General Manager of the Port Elizabeth mill in March 2005 he became Chief Operating Officer of the Eastern Cape region in July 2006 before heading the formation of the Cape Region in November 2010 as Chief Operating Officer responsible for the Paarl, Ladismith and Port Elizabeth operations. He was appointed as Managing Director of Meadow Feeds in February 2012.

Gary Arnold (42)

Director: Business Development

Appointed as director of Astral Operations Limited in November 2010

Holds a Master's degree in Animal Science from the University of Natal. He also holds a Master's degree in Business Administration from the University of the Witwatersrand which he completed in 2005. Gary is a registered Professional Animal Scientist. Appointed as Managing Director of Nutec on 1 August 2004, and later as Chief Operating Officer for the Meadow division's Western Cape operations on 1 January 2006. On 1 March 2012 appointed as the Business Development Director for Astral Foods.

Len Hansen (63)

Human Resources Director

Appointed as director of Astral Operations Limited in April 2001

Started his career at Iscor. After 10 years joined Vleissentraal as Training Manager. Then spent four years at Atlas Meats and Bull Brands as Human Resources Manager. Joined Genfood in 1998 as Human Resources Director. Appointed at Astral Foods Limited on 1 April 2001. Has extensive experience in human resources and organisational development, i.e. merger between Genfood and Premier, 20-Keys and Wellness Programmes.

CORPORATE SERVICES

Anil Rambally (42)

Executive Manager: Sustainability and Preferential Purchasing

Appointed: February 2001

Started career in 1992 as a Despatch Clerk at Alpha Stone and Readymix (now Afrisam). Joined Nutec in 1999 and progressed through the ranks. Appointed as Executive Manager: Preferential Purchasing in February 2010 and Executive Manager: Sustainability and Preferential Purchasing in December 2010.

Evert Potgieter (44)

Audit and Risk Executive

Appointed: November 2006

After the completion of his BCompt degree and articles and a two-year period as an audit manager at an auditing firm, joined the Altron group in 1997 in the internal audit department. During his time at Altron obtained his Certified Internal Audit certification and was promoted to Deputy Internal Audit Manager, a position he held for five years before joining the Astral group in 2006 as Internal Audit Manager. Current responsibilities include internal audit, risk, insurance and information technology for the Astral group.

Maryna Eloff (61)

Group Company Secretary

Appointed: June 2005

Has extensive experience in administration and company secretarial practice in numerous companies in the stockbroking, banking, information technology and mining industries. Director of a number of gold mining companies from 1997 to 2003. Currently responsible for the company secretarial and legal function of the Astral group, management member of the group's provident funds and member of the group corporate risk management committee.

Obed Lukhele (39)

Group Veterinary Director

Appointed: May 2007

Obtained his veterinary degree from the Medical University of South Africa (Medunsa) and an honours degree in entomology from Pretoria University. Spent six years in veterinary pharmaceutical industry as Poultry Technical and Export Manager from 2001 to 2007. During mid-2007, joined Astral group as Veterinary Technical Manager and two years later was appointed as Group Veterinary Director.

CORPORATE SERVICES (CONTINUED)

Braam Spies (57)

Credit Executive

Appointed: September 2004

Career started at Barclays Bank in 1977 as teller and progressed to Manager through the ranks at various banks and left the banking world 21 years later. Joined Genfoods in 1998 as Credit Manager and started with Astral group in 2004 as Regional Credit Manager, Feed division and was subsequently appointed as Credit Executive for the Astral group in November 2011.

Phil Tozer (56)

Sales and Marketing Executive, Poultry division

Appointed: October 2008

A total of 34 years' experience in the fast moving consumer goods industry of which the last 23 has been in poultry. Selling career began at Unilever as a Sales Representative in 1980 followed by Key Account and National Sales Manager positions at ICS Foods and Sea Harvest Corporation. Spent 17 years with Rainbow Farms as National Sales Manager and a final five-year period as Sales Director for retail and wholesale.

Willem Stander (56)

Procurement Executive: Feed division

Appointed: February 2001

Obtained a BSc. Agric (Hons) from the University of Pretoria in 1982. Joined Meadow Feeds in the Raw Material Department at the Tiger Brands Head Office in Braamfontein. Moved to Meadow Paarl in 1984 as a Nutritionist and promoted to Marketing Manager in 1989 and to Raw Material Director in 1995. Appointed as Procurement Executive for the Feed division in 1999.

HUMAN RESOURCES PRACTITIONERS

Left to right: Daniel Tshabalala, Onkgopotse Mokwena, Menge Makgate, Linda Cliff, Len Hansen, Zelda Kapp, Rosaline Bam, Zorah Heldzinger

Back: Matabata Setona, Mike Snyman, Lucy Letageng, Shuping Masekoa, Amanda Coetzee, Luanne Smalle, Loyiso Mcitiqa, Annelise Mills, Julliet Naidoo

INTERNAL AUDIT

Left to right:

Evert Potgieter
(Audit and Risk Executive)

Previn Naidoo
(Internal Auditor)

Marius Wessels
(Internal Auditor)

CORPORATE GOVERNANCE

Good corporate governance provides the framework within which we strive to create superior levels of performance to the benefit of all our stakeholders.

We believe that our governance practices are sound and, in all material respects, conform to the principles embodied within the King III Report on Corporate Governance and the Listings Requirements of the JSE Limited. We are also cognisant of the Public Investment Corporation's corporate governance and proxy voting policy as well as the Code for Responsible Investing in South Africa 2011 and have implemented measures to comply with their requirements as far as possible.

While substantial application of the King III Report has been achieved in the review period, the following key principles have not been fully implemented:

- Compilation of an ethics risk profile and the measurement of its impact on our corporate social investment programme: The Social and Ethics Committee is addressing these aspects.
- Implementation of measurable corporate citizenship programmes and policies: The Social and Ethics Committee is addressing these aspects.
- Appointment of an expert to provide assurance on material elements of the sustainability section of the integrated annual report: the Audit and Risk Management Committee will evaluate this once more standardisation is evident in public reporting.
- Appointment of an independent compliance function: our Company Secretary and the Internal Audit and Risk Executive are responsible for compliance and refer to our legal advisors where necessary.
- The board does not consider it appropriate to disclose the names of the three employees who are not directors and who receive the highest salaries: they are referred to as employee 1, 2 and 3 in the Remuneration Report.
- Remuneration of non-executive directors is paid on a fixed fee per annum basis as our directors not only attend board and committee meetings but actively participate in the affairs of the company at all times: the board reviews this position on an annual basis.
- The Chairman of the board is also a member of the Audit and Risk Management Committee. Due to the resignation of JJ Geldenhuys as Chairman of the board and the subsequent appointment of T Eloff as Chairman of the board, a decision was taken to continue T Eloff's membership of the committee in order to ensure continuity until a suitable replacement has been identified.

The constitution and the operation of the board of directors

The board

The board operates in terms of a formally approved charter which sets out its role and responsibilities, the main elements of which are as follows:

- The Chairman of the board must be an independent, non-executive director.
- A formal orientation programme for new directors must be followed.
- Specific policies, in line with the King III Report, must exist with regard to conflicts of interest and the maintenance of a register of directors' interests.
- The board must conduct an annual self-evaluation.
- Directors must have access to staff, records and outside professional advice where necessary.
- Succession planning for executive management must be in place and must be updated regularly.
- Strategic plans and an approvals framework must be in place and reviewed regularly.
- Policies to ensure the integrity of internal controls and risk management must be in place.
- Social transformation, ethics, safety, health, human capital, and environmental management policies and practices must be monitored and reported on regularly.

We have a unitary board structure, presently comprising 11 directors, including six independent non-executive directors. The roles of Chairman and Chief Executive Officer are separate and distinct. The composition of the board ensures a balance of power and authority, and negates individual dominance in decision-making processes. It also reduces the possibility of conflicts of interest and promotes objectivity.

We believe that the non-executive directors are of suitable calibre and number for their views to carry significant weight in the board's decisions. An independent non-executive Chairman leads the board. A schedule of beneficial interests of directors appears on page 104 of this report.

In September 2014, an evaluation of each of the non-executive directors' independence was conducted. The overall findings were presented to the board and discussed. This evaluation supported the board's decision to endorse all retiring directors standing for re-election. M Macdonald has served on the board for a period longer than nine years and the board believes that he has retained independence of character and judgement and has not formed associations with management (or others) that might compromise his ability to exercise independent judgement or act in the best interests of the group.

The board is of the opinion that he makes a significant contribution to the work of the board and that his deep knowledge of the group and broad business experience remains especially important, in particular in his role as chairman of the Audit and Risk Management Committee. No director is disqualified in terms of the criteria for independence as laid down by the JSE Listings Requirements or by King III. We currently have four historically disadvantaged South African directors on the board of whom three are independent non-executive directors. JJ Geldenhuys retired as director and Chairman of the board on 31 May 2014 and T Eloff was appointed as Chairman of the board on 1 June 2014.

We do not have retirement age restrictions as we believe that a board member's effectiveness does not necessarily correlate with the length of his/her board service or his/her age.

The Chairman presides over meetings of the board, guiding the integrity and effectiveness of the board's governance process. This includes ensuring that no individual dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that board discussions lead to appropriate decisions. The roles and functions of the Chairman have been formalised and there is a formally approved succession plan in place for the position of Chairman of the board.

On a quarterly basis, we actively solicit from our directors details regarding their external shareholdings and directorships, which potentially could create conflicts of interest while they serve as directors on our board. The declarations received are closely scrutinised and are tabled at the beginning of each quarterly board meeting. When applicable, directors are requested to table their interests in material contracts and, if necessary, are requested to recuse themselves from discussions in meetings.

Operational management is the responsibility of the Chief Executive Officer. His responsibilities include, amongst others, developing and recommending to the board a long-term strategy and vision that will generate satisfactory stakeholder value, developing and recommending to the board annual business plans and budgets that support the long-term strategy, and managing the affairs of the group in accordance with its values and objectives, as well as the general policies and specific decisions of the board. The Chief Executive Officer is not a member of the Human Resources, Remuneration and Nominations or Audit and Risk Management Committees, but attends same by invitation.

A complete list of board members and their CVs appear on pages 38 to 41 of this report. In terms of our memorandum of incorporation all new directors appointed during the year, as well as one-third of the existing non-executive directors, have to retire on a rotational basis each year but may offer themselves for re-election.

Directors are required to undergo an induction programme including site visits to familiarise themselves with all aspects of our business. Briefing sessions take place when required to bring directors up to date with changes in laws and regulations pertaining to the company.

The King III report provides that directors should have a working understanding of the effect of applicable laws, rules, codes and standards relating to the company and its business while the company does not interpret these provisions to mean the board should have legal expertise in all spheres in which the company operates or be familiar with all laws applicable to the company and its various businesses, but the board does ensure that adequate structures and systems are in place and populated with people of sufficient competence for group compliance with the relevant compliance requirements.

The board is accountable for the actions of management and has retained full and effective control of the organisation over the past year. The board defines levels of materiality, reserving specific powers to itself, and delegates other matters to management.

The board meets at least quarterly to review strategy, planning, operational performance risks, broad-based black economic empowerment compliance, acquisitions, disposals, shareholder communications and other material aspects pertaining to the achievement of the group's objectives.

The board periodically reviews the mix of skills and experience available within the board. Procedures for appointment to the board are formal and transparent and are vested in the board and include detailed screening of nominees to ensure that they meet the eligibility requirements as laid down in the Companies Act and the JSE Listings Requirements.

The board conducts assessments annually based on several factors including expertise, objectivity, judgement, understanding the group's business, willingness to devote the time needed to prepare for and participate in committee deliberations. The performance evaluations were completed and reviewed by the Chairman and found to be generally satisfactory. The following assessments were completed during the year:

- Performance evaluation of the Audit and Risk Management Committee.
- Performance evaluation of the Human Resources, Remuneration and Nominations Committee.
- Performance evaluation of the Social and Ethics Committee.
- Performance evaluation of the board.
- Performance evaluation of the Chairman.
- Performance evaluation of the Chief Executive Officer.
- Performance evaluation of the Company Secretary.

Strategic planning meetings take place at least every second year, and progress on strategic objectives is reviewed at every board meeting.

CORPORATE GOVERNANCE (CONTINUED)

Directors have access to the advice of the Company Secretary and may seek independent and professional advice about affairs of the company at the company's expense.

Attendance at meetings

Four board meetings and one strategic planning meeting were held during the past year. Additional board meetings may be convened when necessary.

Attendance at meetings was as follows:

Board

Director	2013 6 Nov	2014 13 Feb	@ 8 Apr	14 May	13 Aug
GD Arnold	√	√	√	√	√
T Delport	√	√	√	√	√
T Eloff	√	√	√	√	√
DD Ferreira	√	√	√	√	√
IS Fourie	√	√	√	√	√
JJ Geldenhuys	√	√	√	√	#
OM Lukhele	√	√	√	√	√
M Macdonald	√	√	√	√	√
TP Maumela	√	√	√	√	√
CE Schutte	√	√	√	√	√
TM Shabangu	√	√	√	√	√
N Tsengwa	√	√	A	√	A

√ Present
 # Retired 31.5.2014
A Submitted apologies and granted leave of absence.
@ Strategic planning meeting.

Audit and Risk Management Committee

The committee met three times during the year. Attendance at meetings was as follows:

Director	2013 10 Oct	5 Nov	2014 13 May
T Eloff	√	√	√
M Macdonald	√	√	√
IS Fourie	√	√	√

√ Present

Human Resources, Remuneration and Nominations Committee

The committee met three times during the year. Attendance at meetings was as follows:

Director	2013 10 Oct	2014 27 Feb	7 Aug
IS Fourie	√	√	√
JJ Geldenhuys	√	√	◊
T Eloff	#	#	√
N Tsengwa	√	√	A

√ Present
 # Appointed 16.7.2014
◊ Retired 31.5.2014
A Submitted apologies and granted leave of absence

Social and Ethics Committee

The committee met twice during the year. Attendance at meetings was as follows:

Director	**2014 27 March**	2013 13 Aug
GD Arnold	√	√
T Eloff	√	√
LW Hansen	√	√

√ *Present*

Non-executive directors received the following fees during the year:

	Fixed fee per annum R'000
Chairman of the board	530
Member of the board	212
Chairman of the Audit and Risk Management Committee	160
Member of the Audit and Risk Management Committee	84
Chairman of the Human Resources, Remuneration and Nominations Committee	151
Member of the Human Resources, Remuneration and Nominations Committee	79
Chairman of the Social and Ethics Committee	151

The remuneration is payable on a monthly basis.

Board committees

To enable the board to properly discharge its responsibilities and duties, certain responsibilities have been delegated to board committees. All board committees are chaired by an independent non-executive director. Particulars of the composition of the board of directors and committees appear on page 50 of this report. Board committee charters are reviewed on an annual basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and keep abreast of developments in this field.

As the Audit Committee has become a statutory committee in terms of the new Companies Act and in terms of the recommendations set out in the King III report, shareholders are required to elect the members of this committee at the company's next annual general meeting.

Shareholders will also be required to elect the members of the Social and Ethics Committee for the forthcoming financial year at the company's next annual general meeting.

The board committees are as follows:

The Audit and Risk Management Committee

The Audit and Risk Management Committee comprises four members, all of whom are independent non-executive directors, and meets at least three times a year with management, internal and external auditors as well as the group's risk managers. TM Shabangu was appointed as fourth member of the committee on 11 November 2014.

The opportunity is created at each meeting for discussion with the external and internal auditors without the presence of management. The members of the committee are knowledgeable about the affairs of the company and have extensive expertise in finance, accounting and risk management practices.

CORPORATE GOVERNANCE (CONTINUED)

The Audit and Risk Management Committee fulfils the responsibilities as set out in the Audit and Risk Management Committee Charter, which include:

- Overseeing the internal and external audit function.
- Assisting the board in the discharge of its duties relating to the safeguarding of assets and operation of adequate systems and internal controls.
- Ensuring the preparation of accurate financial reporting in compliance with all applicable legal requirements, corporate governance and accounting standards.
- Providing support to the board on the risk profile and risk management of the group.
- Providing support to the board on information technology governance and risk.

Both the Group Audit and Risk Executive and the external auditors have unfettered access to the Chief Executive Officer, the Chairman of the board and the Audit and Risk Management Committee.

The committee reviews and confirms the following additional responsibilities required by the King III report and the JSE Listings Requirements:

- The independence of the external audit function.
- The competence of the Chief Financial Officer and the finance function of the company.
- The integrated annual report.

Divisional Audit Committee meetings are scheduled twice a year at every business unit. These meetings are chaired by the Chief Financial Officer, attended by the Chief Executive Officer, internal audit, external audit and the business unit Chief Operating Officer and Finance Executive.

Risk management

We are committed to the following risk management action plan:

- Identifying the risks to which the group is exposed.
- Identifying the most effective ways of eliminating or mitigating risk exposures as far as reasonably practical.
- Insuring against catastrophic incidents and other losses beyond our self insurance capacity.
- Minimising in the long term, the total cost of risk.

We apply an enterprise-wide risk management approach, involving all levels of management, with assistance from outside consultants for assessing insurable risks.

The senior management at each operation is responsible for the development and implementation of a sound risk control programme based on the group's risk control standards. The integrity of the risk control programme is regularly independently monitored by appointed risk analysts.

Members of the Audit and Risk Management Committee are:

Member	Independent Non-executive	Period
M Macdonald (chairman)	Yes	May 2004 to date
IS Fourie	Yes	July 2010 to date
T Eloff	Yes	October 2010 to date

Internal audit

We have established an independent, objective and effective internal audit department governed by a charter approved by the board. The internal audit function reports to the Chief Executive Officer and has unfettered access to the Chairman of the board and the Chairman of the Audit and Risk Management Committee.

The role of internal audit is to review compliance with internal controls, systems and procedures. The board is satisfied that the internal controls are adequate to safeguard the assets, prevent and detect errors and fraud, ensure the accuracy and completeness of accounting records and the preparation of reliable financial statements.

The internal audit department is staffed by qualified and experienced internal auditors. The annual internal audit programme is approved by the committee and all significant findings, together with steps taken to rectify lapses in internal control, are reported at every committee meeting.

The independence of the internal audit function is reviewed by the Audit and Risk Management Committee to satisfy itself of the independence of the internal audit function. The appointment and removal of the head of internal audit is a matter for the Audit and Risk Management Committee in consultation with management.

Information technology (IT)

The board has delegated responsibility for information technology to the audit and risk management committee, but retains overall accountability.

An IT Charter, aligned to the King III report has been implemented. The IT strategy is reviewed by the Audit and Risk Management Committee and by the board.

Management has the responsibility for the management of IT and the governance framework which includes:

- IT Steering Committee to monitor and manage IT governance.
- IT policies and procedures to regulate the management of all IT functions.
- Relevant standards and processes that are subject to audits, reviews and benchmarks.
- Policies and procedures to govern the Active Directory and Exchange which has been outsourced to SA Outsourcing.

All IT acquisitions fall within the same capital approval processes as other capital expenditure projects and would thus, based on value, be submitted to the board for approval.

A formalised disaster recovery programme is in place to ensure the minimum disruption in the event of disaster.

During the current financial year an independent security review was conducted on the outsourced Active Directory and Exchange environment and no concerns were reported.

CORPORATE GOVERNANCE (CONTINUED)

Integrated reporting

The committee oversees integrated reporting, and in particular the following:

- Takes cognisance of all factors and risks that may impact on the integrity of the integrated annual report including matters that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body and any evidence that brings into question previously published information, forward-looking statements or information.
- Reviews for reliability, the disclosure of sustainability in the integrated annual report.
- Recommends to the board whether or not to engage an external assurance provider on material sustainability issues.
- Recommends the integrated annual report for approval by the board.
- Considers whether the external auditor should perform assurance procedures on interim results or be engaged for any non-audit assignments.

The committee recommended to the board to continue not to publish a summarised integrated annual report or engage an external assurance provider to confirm material elements of the sustainability part of the integrated annual report. This decision was based on the fact that sustainability reporting formed part of the budget process and is reported on by business units and approved by the executive directors. This approach will be reviewed every year. We have appointed a full-time Executive Manager who is responsible for sustainability within the group.

Further information regarding the activities of the committee is available in the Audit and Risk Management Report on pages 98 to 100.

The Human Resources, Remuneration and Nominations Committee

On 1 October 2010, a decision was taken by the board to combine the Human Resources and Remuneration Committee with the Nominations Committee and form a committee known as the Human Resources, Remuneration and Nominations Committee. The primary duty of the committee in terms of the nomination process is to ensure that the procedures for appointments to the board are formal and transparent, by making recommendations to the board on all new board appointments and reviewing succession planning for directors. The committee also has to evaluate all candidates for the position of director on the basis of skill and experience. Thorough background checks are conducted.

N Tsengwa chairs all sections of meetings of the committee dealing with human resources and remuneration. However sections dealing with matters related to nominations are chaired by T Eloff, the Chairman of the board, who was appointed as a member of the committee to replace JJ Geldenhuys who resigned as member upon his retirement from the board on 31 May 2014.

Members of the Human Resources, Remuneration and Nominations Committee are:

Member	Independent Non-executive	Period
N Tsengwa (chairman for human resources and remuneration function)	Yes	May 2009 to date
T Eloff (chairman for nominations function)	Yes	June 2014 to date
IS Fourie	Yes	October 2010 to date

The committee is constituted as a board committee and assists the board in discharging its responsibilities for the development of the company's general policy on executive and senior management remuneration and to determine specific remuneration packages for executive directors of the company, including but not limited to basic salary, benefits in kind, bonuses, performance-based incentives, retention incentives, share incentives, pensions and other benefits. The committee determines criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.

Further information regarding the activities of the committee is available in the Remuneration Report on pages 58 to 60.

Social and Ethics Committee

A Social and Ethics Committee has been established consisting of four members. A formal mandate and terms of reference have been approved by the board. Members of the advisory panel have been identified and appointed. The Chairman of the committee is present at the annual general meeting and will be available to report to shareholders on the matters within its mandate.

Members of the Social and Ethics Committee are:

Member	Independent Non-executive	Period
T Eloff (chairman)	Yes	October 2011 to date
GD Arnold	No	October 2011 to date
LW Hansen	No	October 2011 to date
TP Maumela	Yes	August 2014 to date

The advisory panel consists of:

- three members who are employees of the group;
- three members who are from a registered profession, namely:
  - one member who is an expert on the Consumer Protection Act;
  - one member who is an expert on environmental issues; and
  - one member who is an expert on theology and ethics.
- three members who represent the community and public interest.

The main functions of the committee are:

Monitor the company's activities, having regard to any relevant legislation, other legal requirements and codes of best practice, including but not limited to:

- social and economic development;
- good corporate citizenship;
- environment, health and public safety;
- consumer relationships;

CORPORATE GOVERNANCE (CONTINUED)

- labour and employment;
- drawing matters within its mandate to the attention of the board; and
- reporting annually to the shareholders at the company's annual general meeting on matters within its mandate.

The committee's approved work plan for the short to medium term will focus on:

- **Human rights**

  To support and ensure respect for the protection of internationally proclaimed human rights.

- **Labour**

  To uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

- **Environment**

  To support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmental friendly technologies.

- **Anti-corruption**

  To work against corruption in all its forms, including extortion and bribery.

- **Social and ethical awareness**

  To conduct ethical climate surveys.

- **Community upliftment and donations**

  To develop guidelines for charities and sponsorships.

- **Consumer development**

  To ensure compliance with the Consumer Protection Act.

- **Environment and sustainability reporting**

  To investigate areas which do not fall within the scope of responsibilities of the audit and risk management committee.

For more information regarding the activities of the committee, refer to the Social and Ethics Report on pages 61 to 62.

Organisational integrity and ethics

We maintain a Code of Ethics, which requires all employees, managers and directors to comply with the letter and spirit of the code by observing the highest ethical standards and ensuring that all business practices are conducted ethically.

A policy provides a guideline as to what constitutes fraud, theft, corruption, or associated internal irregularities, to outline our response to these, and to detail the procedures to be followed in order to report such incidents that are suspected or discovered.

We have a "zero tolerance" approach towards fraud and corruption and protect employees who raise concerns relating to fraud and corruption from victimisation.

We utilise the services of Deloitte & Touche to provide an independent "Tip-offs anonymous" hotline. All incidents reported are investigated and appropriate action taken in terms of the relevant policies and disciplinary procedures.

Copies of our ethics policy are displayed on all notice boards, laminated abridged copies are handed to every employee and the Chief Operating Officer of each business unit is tasked to act as champion for his business unit to ensure that the ethics policy is understood and adhered to by all employees. The ethics policy forms a permanent part of every management agenda and external suppliers are required to adhere to the ethics policy. Any non-adherence is reported to business unit management and in turn reported to the Chief Executive Officer and ultimately to the board.

The Code of Ethics deals with:

- complying with all laws, regulations and codes;
- culture, ethics and values;
- dealing openly and honestly with customers, suppliers and other stakeholders;
- respecting and protecting privacy and confidentiality;
- respecting human rights and dignity of employees;
- social responsibility;
- guidelines in respect of receiving and giving gifts and entertainment;
- prohibiting the acceptance of bribes, directly or indirectly;
- prohibiting the payment or offering of bribes;
- integrity of financial information;
- protection of confidential information
- protection and use of company property;
- conflict of interest; and
- action on contravention of the code.

In terms of accountability, all employees are required to:

- commit to individual conduct in accordance with the Code of Ethics;
- observe both the spirit and the letter of the law in their dealings on the group's behalf;
- recognise the group's responsibility to its shareholders, customers, employees, suppliers and to society;
- conduct themselves as responsible members of society, giving due regard to health, safety and environmental concerns, and human rights, in the operation of the group's business; and
- report any suspected breach of the law or the Code of Ethics to the internal audit department or the board who will protect those who report violations in good faith. The board accepts overall responsibility for the adherence to the Code of Ethics and has no

reason to believe that there has been any material non-adherence to the code of ethics during the year under review. The Code of Ethics is reviewed on a regular basis by the Social and Ethics Committee.

A copy of the abridged code is available on our website, **www.astralfoods.com**

Restrictions on share dealings

Directors and employees are prohibited from dealing in Astral shares during price-sensitive periods. Closed periods extend from 31 March and 30 September, being the commencement of the interim and year-end reporting dates, up to the date of announcement of interim and year-end results, and include any other period during which the company is trading under a cautionary announcement. All directors are required to obtain written permission from the Chairman before dealing in any Astral shares in order to protect them against possible and unintentional contravention of the insider-trading laws and stock exchange regulations.

Participants in our share incentive schemes are subject to the rules of the schemes and the provisions of the Listings Requirements of the JSE Limited.

Management reporting

We have comprehensive management reporting disciplines, which include the preparation of strategic plans and annual budgets by all operations. Group strategic plans and budgets are considered and approved by the board. Results and the financial status of the operations are reported monthly and compared with approved budgets and results of the previous year. Working capital requirements and borrowing levels are monitored on an ongoing basis and corrective or remedial action is taken as appropriate.

Company Secretary

The Company Secretary is suitably qualified and experienced and plays an important role in ensuring that the board procedures are followed correctly and reviewed regularly. The Company Secretary is responsible for the duties set out in section 88 of the Companies Act No 71 of 2008 and is appropriately empowered by the board to fulfil these duties.

The board assesses the qualification, competence and expertise of the Company Secretary and confirms her suitability in terms of the JSE Listings Requirements on an annual basis. For further information on the Company Secretary, please refer to corporate services on page 45.

The Company Secretary is not a director of any of the Astral group's operations and accordingly maintains an arm's length relationship with the board and its directors. In order to confirm the Company Secretary's arm's length relationship with the board, the following factors are taken into consideration:

- The Company Secretary is independent from management.
- The board empowers the Company Secretary to act as gatekeeper of good corporate governance.
- There are no special ties between the Company Secretary and any of the directors.
- The Company Secretary is not party to any major contractual relationship which may affect her independence.
- There are no matters affecting the Company Secretary's ability to adequately and effectively perform her company secretarial duties.

The annual assessment concluded that the Company Secretary, when engaging with the board, acted professionally, independently from the board and interacted on an equal footing with the board. The conduct between the Company Secretary and the board was without influence or undue pressure.

Engagement with shareholders and investors

In accordance with our commitment to ensure that the interests of our management are aligned with those of shareholders, we manage a dedicated programme to engage with analysts, investors and large individual shareholders. This includes, amongst others, timeous, relevant, honest and accessible announcements and circulars to shareholders in accordance with the JSE Listings Requirements.

For further information on stakeholder communication, please refer to the Stakeholder Engagement Report on page 35.

Political party contributions

We do not make any contributions to political parties.

Whitleblowing measures

In accordance with the provisions of the Protected Disclosures Act No 26 of 2000, management has ensured that no employee who has made a protected disclosure shall be subject to any occupational detriment and shall be afforded anonymity without fear of consequential victimisation.

King Code of Governance for South Africa 2009 – Compliance Assessment Summary

A copy of the King Code of Governance for South Africa 2009 – Compliance Assessment Summary is available on **www.astralfoods.com**

REMUNERATION REPORT

Human Resources, Remuneration and Nominations Committee – Composition and terms of engagement

The committee operates under a mandate from the board and written terms of reference approved by the board.

The members of the committee at 30 September 2014 were IS Fourie, N Tsengwa and T Eloff. JJ Geldenhuys resigned as a member of the committee during the year and T Eloff was appointed in his stead.

The board annually assesses the composition of the committee to ensure that it continues to operate effectively.

The committee strives to comply with all governance matters and the board considers its composition to be appropriate in terms of the necessary blend of knowledge, skills and experience of its members.

The Astral group Company Secretary attends all meetings of the committee as secretary. The Chief Executive Officer and the Human Resources Director of Astral Operations Limited attend all meetings by invitation. No attendee may participate in any discussion or decision regarding his or her own remuneration.

Human Resources, Remuneration and Nominations Committee – Advisors

The committee consults with external independent advisors from time to time on market information and remuneration trends. These include PE Corporate Services Pty Limited, 21st Century Pay Solutions Group and PricewaterhouseCoopers Inc. In addition, the committee frequently reviews remuneration and board best practice reports published by external parties. It also considers the views of the Chief Executive Officer on the remuneration and performance of his colleagues on the Astral Foods and Astral Operations boards of directors.

Reward strategy, intent and principles

Astral is committed to a reward philosophy that prevails throughout the group, and one which focuses on rewarding consistent and sustainable individual and corporate performance.

Astral's approach towards remuneration aims to ensure that an appropriate balance is achieved between the interests of shareholders, the operational and strategic requirements of the group and providing attractive and appropriate remuneration packages to employees. The remuneration practices of the group have been structured to be competitive in the industry in which we operate and to ensure that the group can attract, motivate, reward and retain high-calibre people, with above average industry ability and leadership potential, required to effectively run the group and its subsidiary companies. Astral has adopted an integrated approach to reward strategy, encompassing a balanced design in which all reward components are aligned to the strategic direction and business-specific value drivers of Astral.

In this context, Astral is committed to maintaining guaranteed pay levels on a total cost to employer basis that reflect an individual's worth to Astral.

EXECUTIVE REMUNERATION POLICIES

Astral's executive remuneration policies are designed, within the framework of the company's reward strategy, to attract, motivate, reward and retain the calibre of executives needed to run the group and its subsidiaries successfully, while aligning their interests with those of shareholders (over the short, medium and long term) and the strategy of the company. The guiding strategy is to ensure that executives are fairly rewarded for their individual contribution to the group's operational and financial performance in line with its corporate objectives and business strategy, and that this reward is aligned with industry and market benchmarks.

The policies conform to the best practice guidelines contained in the King III Report on Corporate Governance for South Africa.

Remuneration is made up of three components:

- **Guaranteed pay**

  The Astral group adopted a total cost of employment (TCOE) philosophy for all salaried employees (which incorporate base pay, car allowance, provident fund and medical aid contributions). TCOE packages do not include annual incentives or long-term incentives.

  Guaranteed packages within the Astral group are structured to be in line with the median of the market but with the proviso that for key talent, both professional and executive, a positioning closer to or at the 75th percentile level of peer companies is considered.

- **Annual incentive bonuses**

  There are various annual incentive schemes operating within Astral tailor-made to specific levels within the organisation. They incentivise various categories of staff, and are reviewed regularly to ensure they remain appropriate.

  Astral's top and senior management participate in an annual performance bonus plan that rewards the achievement of the group's financial performance. The Human Resources, Remuneration and Nominations Committee ("committee") satisfies itself that the performance criteria utilised are relevant, stretching and designed to enhance shareholder value.

Incentive bonuses for top management are based 100% on achieving economic value added (EVA) targets. Senior management's participation is based on a 50% EVA target and a 50% profit before interest and tax (PBIT) target.

The committee sets an annual EVA target and target bonuses are determined according to the different levels of Patterson D (40%), E (50%) and Top Management (60%). Sharing percentages are set for each participant and they are advised accordingly.

An external consultant calculates EVA incentive bonus payments to senior management which is subject to an audit by PricewaterhouseCoopers.

Employees on the farms are incentivised in accordance with farm performance.

The rest of the staff participates in an incentive based on improvement in PBIT.

- **Long-term retention incentives**

Share option incentives. The share option scheme has been terminated and only shares offered before January 2013 can still be exercised when they become due.

Long-Term Retention Bonus Scheme (LRP)
The LRP was introduced six years ago along with proposals and guidelines by PricewaterhouseCoopers.

The participants within the plan fall into two categories, namely:

Top management
Category 1 – Defined performance conditions must be met for 75% of the bonus amount and 25% of allocated amount is guaranteed.

Lower management
Category 2 – No performance conditions are set.

Allocation

The bonus amounts allocated are approved by the committee.

Performance conditions

The LRP payments are payable after three years on the following conditions:

- 25% is a guaranteed payment.
- 37% is paid when a predetermined average increase in earnings per share (EPS) over a three-year period is achieved. An average increase in EPS of inflation plus 8% per annum, will secure a payment equal to 37% of the allocated bonus amount and an average increase in EPS equal to the inflation rate will secure a payment equal to 10% of the allocated bonus amount.
- 38% is paid if a predetermined performance condition of an average performance efficiency factor (PEF) over a three-year period is achieved. The PEF targets are based on past achievements, and calculated on a sliding scale.

No payments are made if the minimum targets are not achieved.

PEF is an internationally recognised standard to measure performance on broiler farms. PEF measures a number of biological factors of the birds, i.e. mortality rates, feed conversion ratio (FCR), live weight of the bird and slaughter age. The purpose of using the PEF as a performance condition is to focus on one of the most important factors in the business under management control which impacts on profitability.

The committee reserves the right to change the performance conditions for new LRP amounts awarded and new targets for the performance conditions have been set by the committee for the allocations to be paid in 2016 and 2017.

Performance conditions and amounts allocated cannot be changed once the awards have been made.

Payments for the first cycle, which ended on 30 September 2012 are made in the following manner:

- 1/3 in January 2013.
- 1/3 in January 2014.
- 1/3 in January 2015.

Service contracts and severance arrangements

We have entered into formal contracts with our non-executive directors.

Executive directors, top and senior management on Paterson Grades D, E and F, are subject to Astral's standard terms and conditions of employment where the notice period is 60 days. In line with our group policy, no director is compensated for the loss of office and none of the directors have special termination benefits or are entitled to balloon payments.

Astral's practice when terminating the services of an individual for operational reasons is to pay a minimum of one week of the annual total cost of employment for each completed year of service. We aim to apply this policy to all employees, including Astral executive directors, but it is subject to negotiation in special circumstances.

Provident fund

During the year, the relevant group companies made contributions for executive directors to the Alexander Forbes Retirement Fund (AFRF) – (Provident Section) – Astral Operations Limited – Management. The rate of contribution is 18% based on the pensionable salary of these individuals. The value of contributions for each executive director appears in the summary of directors' emoluments on page 102.

REMUNERATION REPORT (CONTINUED)

At its meeting in March 2014, the Human Resources, Remuneration and Nominations Committee assessed the levels of funding and benefits of the AFRF Provident funds and is satisfied that the funds were solvent and did not pose a risk to any of the group's employees or retirees.

Other benefits

In addition to the benefits already described as part of their total cost of employment packages, executive directors, as well as senior management also receive a death-in-service benefit. No *ex gratia* payments, deferred awards of any nature or restraint payments were made during the review period.

Executive directors' remuneration

For information regarding executive directors' and prescribed officers' emoluments, other benefits and share incentive scheme interests, refer to the directors' and prescribed officers' remuneration report on page 102.

The three highest paid employees who are not directors or prescribed officers received the following total remuneration for the year:

Employee 1	R3 688 200
Employee 2	R3 594 000
Employee 3	R3 169 000

The above amounts include salary, performance-related bonuses, retirement fund contributions and other benefits and allowances.

During the 2012 financial year a decision was taken that no increase will be implemented due to the weak financial performance of Astral.

NON-EXECUTIVE DIRECTORS' FEES

The board applies principles of good corporate governance relating to directors' remuneration and also keeps abreast of changing trends. Governance of directors' remuneration is undertaken by the Human Resources, Remuneration and Nominations Committee.

The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on board members by new legislation and corporate governance principles.

The fees for non-executive directors are recommended by the Human Resources, Remuneration and Nominations Committee and approved in advance by shareholders at the annual general meeting. Fees for the 2013/14 financial year were reviewed by the committee and the board in August 2013 and was approved by shareholders at the annual general meeting in February 2014. These fees apply until the next annual general meeting.

Astral's policy on remuneration for non-executive directors is that this should be:

- market related (having regard to the median fees paid and number of meetings attended by non-executive directors of companies of similar size and structure to Astral and operating in similar sectors); and
- not linked to share price or Astral's performance.

The group pays for all travel and accommodation expenses incurred by directors to attend board and committee meetings as well as visits to company sites and businesses.

Astral's non-executive directors do not receive bonuses or share options, recognising that this can create potential conflicts of interest which can impair the independence which non-executive directors are expected to bring to bear in decision-making by the board.

Shareholders will be required to approve the non-executive directors fees set out in the notice of the annual general meeting on page 159 of this integrated annual report at the annual general meeting to be held on 12 February 2015.

For information regarding fees for acting as non-executive director and member of the various board committees, refer to page 51.

For information regarding non-executive directors' emoluments paid, refer to the directors' and prescribed officers' remuneration report on pages 102.

Nombasa Tsengwa
Chairman

Pretoria
12 November 2014

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee was established in terms of section 72 of the Companies Act and commenced its work in January 2012.

Composition

At 30 September 2014, the committee comprises T Eloff (chairman), GD Arnold, TM Maumela and LW Hansen. The chairman is an independent non-executive director.

Mandate and terms of reference

A formal mandate and terms of reference for the committee was adopted by the board of Astral and the committee appointed an advisory panel consisting of the following individuals:

- Three members who are employees of the group:

  J Lakay, D Tshabalala and S Zondi
- Three members who are members of a registered profession:

  A Itzikowitz, K Kalicharran and J Vorster
- Three members who represent the community and public interest:

  L Knox, N Selepe and C van Louw

The committee has decided on a work plan and possible actions flowing from it. This work plan was discussed with the full advisory panel early in November 2012 and their advice solicited.

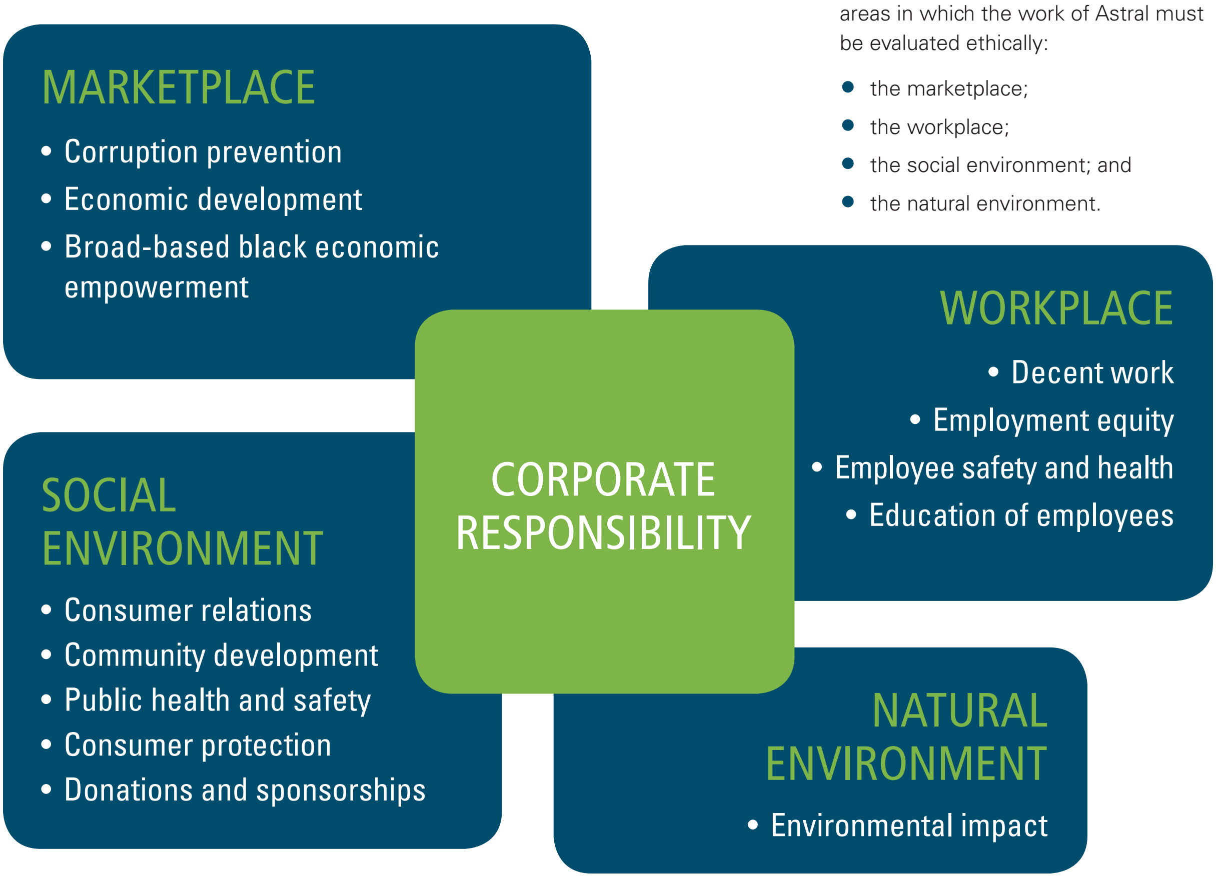
Work plan

During the year the committee concentrated further on the work plan and its execution. This included the company's adherence to ethical and/or compliance in a number of areas:

- The United Nations Global Impact Principles
- Social and ethical awareness
- Community engagement and donations
- Consumer development (ensuring compliance with the Consumer Protection Act
- Environmental and sustainability reporting

The committee also identified four areas in which the work of Astral must be evaluated ethically:

- the marketplace;
- the workplace;
- the social environment; and
- the natural environment.



SOCIAL AND ETHICS COMMITTEE REPORT (CONTINUED)

Meetings

The committee met twice during the year. Attendance of these meetings is shown in the table set out on page 51 of this report. Given the workload of the committee, consideration is being given to increase the frequency of the meetings to three times per annum.

Outcomes

The committee confirmed once again that written policies and/or procedures were in place for the following areas:

- Support and respect for the protection of internationally proclaimed human rights.
- Diseases control legislation.
- Credit legislation.
- Human resources legislation.

The committee authorised that an Employee Engagement Survey Report be conducted in order to understand the engagement and commitment levels of employees within the group. The results indicated that attention should be given to performance management, engagement behaviours, goal achievement and feelings of empowerment.

The committee drafted a declaration of intent on human rights for approval by the board.

The committee finalised and recommended the Consumer Protection Act Policy to the board for approval.

Next steps

The committee will in the next financial year monitor the following six areas where legislation and codes of best practice are relevant:

- Social and economic development.
- Good corporate citizenship.
- Environment, health and safety.
- Consumer relationships.
- Labour and unemployment.
- Ethics.

The work plan will be adapted to reflect the above. It was decided that on an annual cycle, two to three of these aspects should receive special attention. The first three that the committee would focus on would be the environment, the company's ethics risk profile and corporate citizenship programmes.

Theuns Eloff
Chairman

Pretoria
12 November 2014

SUSTAINABILITY

We regard sustainable development as an integral and essential part of conducting business and we endeavour at all times to inform our stakeholders in terms of the three pillars of sustainability, namely economic, social and environmental.

Responsibility for sustainable development

The board accepts overall responsibility for the advancement of sustainable development with the assistance of the board subcommittees. Day-to-day responsibility is delegated to executive management.

Sustainability awareness and training workshops for all employees are held with the aim of achieving the following objectives:

- Creating an awareness and explaining the importance of sustainability in the workplace.
- Encouraging business units to work together towards establishing a sustainable business.
- Making employees aware of the company's goals with regard to sustainability.
- Providing training to employees to complete the monthly sustainability reports.
- Explaining the implementation and monitoring process of identified sustainability projects.

Approach to data collection and reporting

As part of our commitment to improve non-financial reporting, we have tasked all senior management at business unit level to report on aspects of integrated reporting as part of their budget process on an annual basis. The board has charged management with ensuring that adequate resources are applied and sufficient attention is given to the implementation of sustainable development principles throughout the group.

A group safety, health and environment ("SHE") report is compiled and is reviewed by the Audit and Risk Management Committee on an annual basis. Underpinning our Enterprise Wide Risk Management Programme, are the following meetings which incorporate aspects of SHE:

- Monthly health and safety meetings.
- Bi-monthly Corporate Risk Management meetings.
- Quarterly Operational Risk Management meetings.
- Semi-annual Audit Committee meetings.
- An annual Group Risk Management meeting.

Function	Responsibility
Chief Operating Officers and General Managers	Managing efficient operations, environmental controls, corporate social investment projects, components of social and labour plans, community engagement at operational level. (See pages 63 to 89.)
Company Secretary	Corporate governance, including all aspects related to the King III Report. (See pages 48 to 57.)
Finance	Managing and providing advice on the company's finances, putting policies in place, procedures and systems to protect the company from fraud and corruption and ensuring economic sustainability (See pages 94 to 155.)
Human Resources	Skills development, recruitment, transformation, protecting employee human rights, implementing the company's wellness strategy (which includes the HIV/Aids incentives).

SUSTAINABILITY (CONTINUED)

Assurance

We are committed to ensuring that all information provided in this report is accurate. During the course of the year, systems and procedures were put in place to record the relevant data by way of an internet web-based data collection system for all divisions. As part of the annual budget process, business units are required to identify social, environmental and financial issues that impact on their businesses. Key performance issues (KPIs) are also identified and reported on.

Governance, ethics and values

Governance, ethics and values are addressed in the corporate governance section of the report on pages 48 to 57. Financial compliance is assured through internal structures and controls and independent financial audit. We also have our own internal set of values and ethics which guide all our activities and relationships, both individual and corporate.

A copy of our Abridged Code of Ethics is available on our website, **www.astralfoods.com**

Group risks

The major business risks that have been identified and could have an impact on the group achieving its objectives are dealt with on pages 33 to 34.

Economic sustainability practices

The distribution of economic value generated for stakeholders is reflected in the group's value added statement which is reflected below.

Value added statement

The value added statement measures performance in terms of value added by the group through the collective efforts of management, employees and the providers of capital. The statement shows how value has been distributed to those contributing to its creation, and the portion retained for future investments.

	2014 R'000	2014 %	2013 R'000	2013 %
Value added				
Sales of goods and services	**9 602 376**		8 508 853	
Less: Cost of materials and services	**(7 832 517)**		(6 886 925)	
Value added from trading operations	**1 769 859**	**100,0**	1 621 928	112,8
Income from investments	**651**	**0,0**	880	0,1
Total value added	**1 770 510**	**100,0**	1 438 341	112,8
Value distributed				
To labour	**1 132 366**	**64,0**	989 116	68,8
To government	**136 657**	**7,7**	84 134	5,8
Income tax	**128 835**		77 122	
Skills development levies	**7 822**		7 012	
To providers of capital	**169 161**	**10,7**	156 381	10,9
Dividends to shareholders	**163 232**		128 542	
Interest on borrowings	**25 929**		27 839	
Total distributions	**1 458 184**	**82,4**	1 229 631	85,5
Income retained in the business	**312 326**	**17,6**	208 710	14,5
Depreciation/amortisation	**134 492**		126 426	
Retained profit for the year	**177 834**		82 284	
Total value distributed and reinvested	**1 770 510**	**100,0**	1 438 341	100,0

MEADOW FEEDS AND CHOC COWS

The Cows is one of the fundraising arms for Choc (children living with cancer). The main fundraising event for the Choc Cows is the 94.7 Cycle Challenge, which was held on 17 November 2013. Meadow Feeds and friends had 15 cyclists in the race along with the Meadow Feeds sponsored ice-cream bike.

This bike weighs 60kg, has no gears and has a single hand brake. Nick Jooste and Andre van der Merwe were the Meadow warriors who helped pull the bike and rider Richard Laskey the entire route. Meadow Feeds raised a sum of R263 000 for the Choc Cows.

A number of other events were held during this year with the Meadow Choc Cows taking part, raising funds and, at the same time, awareness for Choc. Meadow Feeds and their cyclists took part in various events. Meadow Randfontein was a sponsor at the Randfontein Dutch Reformed Church mountain bike race in May 2014. The race organisers handed over R5 000 to Choc. Meadow Pietermaritzburg sponsored a Cow waterhole on the Joburg2C mountain bike race in April 2014. Meadow Clearwater had two teams in the Bainbridge 12-hour mountain bike race in June 2014. Meadow Delmas factory staff entered a team into the Choc seven-a-side-tournament in September 2014. Proceeds from the race and tournament went to Choc. A Meadow Pietermaritzburg team took part in the Amashova race in Durban in October 2014. We encouraged our managers to play golf in cow pants create awareness for the Choc Cows.

Meadow Feeds has continued to support and assist the Choc houses during the year. Clearwater and each mill donate chicken to the houses they are supporting every month. Meadow Pietermaritzburg staff painted a beautiful mural on the wall of the bedroom of the newly acquired house in Pietermaritzburg in memory of Keagan Smal. On Mandela Day, Clearwater staff visited the Choc ward at the Johannesburg General Hospital and took gifts for the patients and caregivers and also spent time playing and reading to the children. Meadow Randfontein have a number of fundraising events from cake sales to the tuck-shop which keeps a steady flow of funds into the Choc coffers. Meadow Feeds is running a competition for the staff member or friend who is photographed with a Choc Cow in most ingenious, hardest, strangest or wackiest setting. Last year the Choc Cow went deep sea diving and on the Roof of Africa motorcycle challenge, but I think that it will be hard to beat the trek to Everest Base Camp. On 10 October 2014, Elsabe van Zyl – our Poultry division Choc Cow – took a flag with the Meadow Feeds, Choc and Cow logos to base camp on Mount Everest. It took her 11 days to reach base camp and four days to return. We salute all our Choc Cow cyclists, swimmers, runners who have raised money for Choc the privilege of wearing Cow gear. Meadow Feeds has raised R105 000 for Choc for 2014, and we look forward to Andy Crocker riding the Meadow ice-cream bike in this year's 94.7 challenge.

1

2

3

1 *Meadow Feeds Delmas soccer team.*

2 *Elsabe van Zyl at Everest Base Camp.*

3 *Chris Schutte and Theuns Eloff.*

4 *André van der Merwe and Nick Jooste.*

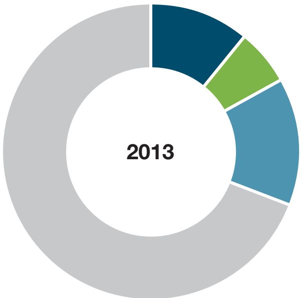
4

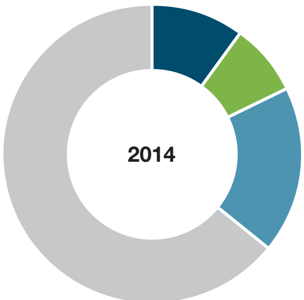
MEADOW

More than just feed

SUSTAINABILITY (CONTINUED)

VALUE DISTRIBUTED (%)





Social aspects

Issues:

- Broad-based black economic empowerment (BBBEE)
- Equality
- Employees
  - Value creation
  - Health and safety
  - Employment equity
  - HIV/Aids
  - Training
  - Employee turnover
  - Human rights
  - Workplace improvement programme

Broad-based black economic empowerment (BBBEE)

We support and are committed to the concept of broad-based black economic empowerment and actively promote the empowerment of staff members and the communities in which we operate. We have a 100% score on enterprise development, mainly as a result of our strategy to use contract growers with a black ownership component. We also scored 100% in socio-economic development as a result of our wellness programme. Our rating improved to a level BBB, which is an improvement of 73% since our first rating.

Equality

We are committed to gender equality and the removal of any discrimination based on gender, race, religion or disability.

Employees

Our long-term success rests on our ability to attract, develop and retain globally competitive employees. We have strategies and initiatives in place, mainly through our 20 Keys workplace improvement programme, to ensure value creation by and for employees. This facilitates individual and collective wisdom within the operations, encourages employee participation and enables employees to share in the value created for stakeholders.

African, Indian, coloured (AIC) vs. white employees in our South African operations

	2014	
	AIC	**White**
Board (non-executive directors)	3	3
Executive – F	1	4
Senior management – E	8	29
Middle management – D	21	119
Skilled upper/technical – C	179	327
Semi-skilled/apprentice/trainee – B	1 378	192
Labourers/unskilled – A	5 585	11
Total	**7 172**	**686**

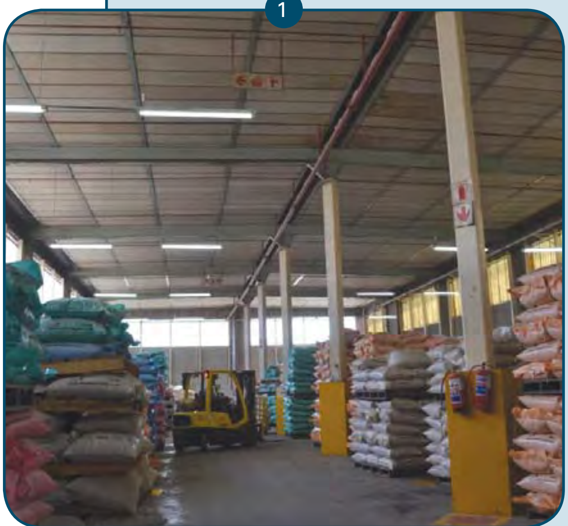
Note 1: Employee categories are defined using the Patterson grading methodology (F – A).

MEADOW FEEDS EMBARKS TOWARDS GREENER PASTURES WITH LIGHTING RETROFIT

Meadow Feeds has embarked on a journey to remain a globally competitive animal feed company by implementing greener business practices that not only make financial business sense, but most importantly considers the environmental impact. The first step towards achieving this was to install smart metering and implementing an energy efficiency lighting retrofit project that delivered real value to the production facility whilst cutting energy costs.

Regarded as market leaders in the animal feed industry in Southern Africa, the company produces a variety of specialised diets and custom feed mixes for the poultry, dairy, ostrich and swine industries. Meadow's historical and continued success is driven by ensuring nutritional supremacy and the consistency of supplying quality animal feeds and nutritional solutions. Therefore, the quality and standard of lighting could not be compromised, which was the mandate from Meadow Feeds to the energy engineering solutions consultants on the project, Energy Cybernetics, an EOH company.

Meadow Feeds contracted Energy Cybernetics to develop and implement an energy efficiency lighting project at their feed manufacturing facility in Randfontein. The project qualified for partial funding through the Eskom Standard Product Programme (SPP). In terms of the SPP, Eskom refunds a client part of the cost of an energy efficiency project, based on the energy (kWh) and demand savings that the project achieves.



1 *Lighting retrofit at Meadow Feeds, Randfontein*

For this project, the Eskom rebate was just under 25% of the total project cost.

Although energy efficient lighting projects are considered as low hanging fruit, it is recognised as the quickest, most cost-effective and least intrusive energy saving intervention. With plants that operate 24/7, lighting retrofits cause minimum disruption to day-to-day operations. In addition, many proven energy efficient lighting technologies are now available, which guarantees quality and expected energy savings thereby reducing the risk of the project investment.

Eskom requires that savings need to be substantiated through the use of a spreadsheet, or tool, that calculates the project impact as well as the rebate that Eskom would pay to the client on successful project completion. This tool was developed by Eskom and has been used in many projects. The validity of the tool is not at issue, as Eskom is prepared to pay out substantial rebate amounts to customers based on the outputs from the spreadsheet.

However, since Meadow Feeds has had very little prior experience with either energy efficiency projects or with Eskom's SPP, the client required measurement of the project impact to support or validate the Eskom SPP tool, purely as an internal control for the project and to motivate further investments in energy efficient projects within the group.

Energy Cybernetics installed PowerWatch, its in-house developed smart metering system on the incomer at Meadow Feeds which measured the consumption of the entire Randfontein site. Besides providing overall reporting and monitoring of the plant's energy use, PowerWatch allowed the corroboration of savings recorded by the Eskom tool. PowerWatch measures consumption data at a high frequency and can report amongst others energy consumption, demand, reactive energy and power factor information at intervals from five to 60 minutes.

The project's financial impact as calculated by the SPP toolkit amounts to R314 000 per annum. Given that the demand impact was evaluated with PowerWatch, this saving can be treated with a high degree of confidence as the credibility of the Eskom Toolkit was evaluated with PowerWatch data and resulted in only a 1,3 kW difference. The return of investment for Meadow Feeds is 18 months.

But did less energy use for lighting mean a compromise on the quality of light? The average lux levels were measured in various areas of the plant, both before and after project implementation. On average, lux levels increased by 46% for all areas.

Embarking on projects of this nature, even if it is considered low hanging fruit, still not only saves energy and money, the Meadow Feeds energy efficient lighting retrofit has shown a significant increase in light quality as well – not only through better technology, but reviewing the lighting system holistically and improving on it to ensure long-term optimal use.

Energy Cybernetics offers a three-year warranty that assures the energy efficient lighting retrofit projects sustain their energy savings as well as the required lux levels.

MEADOW

More than just feed

SUSTAINABILITY (CONTINUED)

Number of employees at the end of September – group

	Feed		Poultry		Other Africa		Corporate		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Permanent	**480**	496	**7 235**	6 804	**448**	436	**22**	20	**8 185**	7 756
Contract	**264**	255	**3 306**	3 279					**3 570**	3 534
Total	**744**	751	**10 541**	10 083	**448**	436	**22**	20	**11 755**	11 290

46% of our permanent employees are women.

Value creation for employees

Our leadership within the group is inspirational. High but achievable standards are set, employees are motivated by realistic objectives and they are allowed to participate in setting those objectives.

We have a sound value system, based on integrity, openness, honesty and accountability. Employees understand these values as management lead by example.

The benefits of employees are market related and all employees can benefit from incentive schemes by meeting set targets. All vacancies within the group are advertised internally, as we believe that employees should have the first opportunity to be promoted before we recruit externally.

A number of unions are represented in the company with a total membership of approximately 28% of bargaining units. The company experienced no strike action during the year.

Unions are recognised at our different business units. We conduct collective bargaining on an annual basis and in most instances the outcome is to the satisfaction of both parties. Circulars and notice boards are used for basic communication with staff. Road shows are held twice a year in the different regions to communicate the results of the company and two multi-level meetings per annum are held with staff to communicate important matters relevant to each business unit.

	Farming		Processing		Milling		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Number of fatalities						2		2
Number of first-aid cases	**19**	23	**334**	481	**13**	29	**366**	533
Number of medical treatment cases	**28**	46	**81**	117	**7**	7	**116**	170
Number of disabling injuries	**69**	81	**135**	112	**19**	21	**223**	364
Number of recordable injuries	**116**	150	**550**	710	**39**	59	**705**	1 069
Injury frequency rate	**1,67**	1,83	**1,79**	2,08	**0,98**	1,33	**1,08**	1,22
Fatal injury frequency rate						0,51		0,08
Total recordable injury frequency rate	**2,31**	2,97	**8,48**	10,88	**2,28**	3,21	**5,96**	9,03

Employment equity

All our operations comply with the Employment Equity Act and annual reports are submitted to the Department of Labour. Employment equity committees have been established at every business unit to set and monitor progress. The different occupational levels below management level reflect that between 31% and 99% of employees are from the designated groups. We believe that no unfair discrimination exists in the workplace.

Wellness programme

Our first initiative was to focus on HIV/Aids.

We recognise the implications of the pandemic on the family structure, the community and long-term issues of sustainability. The reality is that the prevalence of HIV/Aids among our workforce is currently estimated to be about 22,4%, down from the 22,8% at the end of 2013. This figure was determined through a voluntary counselling and testing update.

The prevalence of HIV among permanent employees has increased from 15,1% in 2009 to 22,8% in 2013 and more than 68% of all permanent employees know their HIV status.

HEALTH LINK EMPLOYEE WELLNESS PROGRAMME

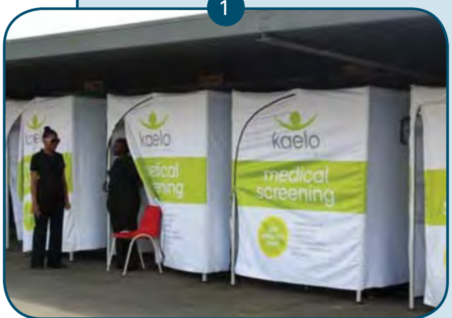
Since its inception in 2009, the Astral Health Link programme has assisted Astral employees to manage illness more proactively and to improve their general health and wellness. Delivered by an independent health and wellness company, Kaelo Consulting Pty Limited, the Astral Health Link wellness programme maintains a strong focus on preventing and managing chronic diseases such as diabetes, hypertension, cholesterol, HIV/Aids and obesity.

The employee wellness programme provides ongoing health education, regular health screenings, workplace healthcare, onsite patient management services and unlimited telephonic support from a team of health professionals. The programme also assists Astral staff to access treatment and medication whenever required, specifically regarding HIV/Aids and antiretroviral (ARV) treatment from state clinics and government hospitals. Selection and training of peer educators among employees also helps to promote wellness screening and treatment uptake.

Besides literally saving thousands of employee's lives, the Astral Health Link programme aims to enhance people's quality of life by promoting healthier lifestyle choices. Awareness about factors such as nutrition, weight management, exercise and confidential HIV testing and counselling are achieved by ongoing initiatives such as wellness days, health communication and patient management in the workplace.

Having established trust and credibility over the years, the Astral Health Link programme provides confidential support and important benefits to employees. It also delivers a sound return on investment for all key stakeholders in the Astral family. This is achieved through effective disease prevention, health management, reduced absenteeism, enhanced productivity and a decline in the number of deaths and disabilities associated with illness and disease.

1



2

3

For example, the programme has helped to reduce the incidence of HIV infection since inception by 56%. This equates to an estimated 284 lives saved with an estimated disability claims saving of more than R3 million. Data analysis on the number of employees receiving patient management suggest an estimated total return on investment of over R30 million per annum.

There is an added social aspect to the programme as the Astral Health Link also provides assistance to immediate family members of Astral employees. In many cases our employees are breadwinners and sole-supporters of extended families so, by taking better care of their health and wellness, the ripple effect into communities in which we operate is significant.

Astral management works closely with Kaelo to ensure that the services provided are proactive and deal effectively with current challenges being faced by employees. Trust and confidentiality are guaranteed, with the utmost regard for employees' freedom of choice and right to privacy.

Some important achievements over the past years are highlighted below:

- Since inception, a total of 32 403 health screenings have been completed, with 5 832 employees doing full wellness screenings in the past year.
- 76% of all permanent employees have undergone a full health screening.
- In the past 12 months, 5 071 employees were screened for HIV/Aids, with 26 575 HIV counselling and testing checks done in the past five years.
- In the past year, 4 813 employees were enrolled on the Astral Health Link programme for assistance with chronic illnesses such as diabetes, hypertension, high cholesterol and obesity.
- In the past year 1 351 HIV positive employees received tailored patient management services, including ARV treatment, treatment initiation and TB testing.
- Healthy employees are being supported with health education initiatives to promote health and prosperity and to prevent possible disease infection.
- Proactive health and wellness management has translated into significant savings in terms of reduced absenteeism, with estimated savings of more than R3 million achieved annually.

1 *Wellness screening*

2 *Wellness Day activities at Meadow Feeds, Pietermaritzburg*

3 *Wellness Day activities at Meadow Feeds, Pietermaritzburg*

More than just feed

SUSTAINABILITY (CONTINUED)

We have implemented a policy on HIV/Aids focusing on:

- educational programmes at all operations;
- voluntary testing;
- counselling of affected employees; and
- training of peer educators.

In total 80% of employees participated in the screening, 72% attended training and 68% participated in voluntary counselling and testing.

PEOPLE LIVING WITH CANCER (PLWC) CANCERVIVE RIDE 2014

Astral chose PLWC for their 2014/2015 corporate social investment project. PLWC needed an office in Cape Town which Astral will sponsor for a year and we provided them with a computer, printer and stationery. The caseworker in Gauteng was provided with a laptop and we arranged for Ronloth to provide them with storage space in Pretoria. A further R100 000 was sponsored for their annual Cancervive ride in October 2014. Three cancer survivors were chosen to ride in Goldi, Mountain Valley and Meadow Feeds branding.

This year's ride took them through four provinces – Gauteng, Mpumalanga, KwaZulu-Natal and the Free State – with multiple and diverse experiences. Visiting communities, schools, factories and hospitals dotted in cities, farming areas, factories and the remotest of villages, they reached thousands of people. From the vibrant youth of the country and the humble rural folk to the very backbone of the workforce that all form part of our rainbow nation, they were met with enthusiasm and interest.

Cancervive had its work cut out as we once again came face-to-face with an urgent need for information sharing and how crucial it is to EDUCATE, EDUCATE and EDUCATE!!! Only through education do we stand the chance of overcoming this disease that kills more people than HIV/Aids, malaria and TB combined. Delivering the message of the importance of the early detection of cancer and teaching about the warning signs in their unique way through song, dance and theatre transcends many boundaries. Cancervive follows this with personal stories, teaching, brochures and helpline numbers and captures further information for advocacy purposes. This further consolidates the due diligence necessary and expected from a responsible organisation.

To date, Cancervive has travelled more than 10 000 kms on motorbikes, engaged, educated and entertained more than 85 000 people, visited eight provinces, communicated in seven languages and generated more than R100 million in publicity!

The Astral team of Chris Schutte, Vanessa Barnard and Sheila Ross were privileged to join the Cancervive bikers on their journey, donning their leathers and biker gear to become true Cancervivers! It is exceptionally meaningful for both Astral and the organisation to have us see and experience, for ourselves, the immense difference our sponsorship is making.

Cancervive's ongoing goal will continue to be, to teach and reach every corner of South Africa and, in so doing, make a dramatic impact on the cancer statistics in our country and Astral hopes to be part of their journey in the future.

Great South African Chicken Every Day! Mountain Valley

MEADOW More than just feed

We changed our strategy to a wellness programme during 2009 focusing on:

- height and weight (body mass index);
- blood pressure (hypertension);
- cholesterol;
- diabetes; and
- voluntary counselling and testing for HIV/Aids.

The past financial year Astral spent R6,6 million on this programme.

Training

Much emphasis is placed on the development of technical skills, including training under our technical agreements with Provimi Holding BV of Holland, a world leader in animal nutrition solutions.

The "CEO Pinnacle Programme", which consists of management training and development interventions was introduced during September 2011. The interventions focus on senior, middle and fundamental management levels as well as supervisory training. The management programmes are presented by the North West University (Potchefstroom Business School).

During the past year, 15 participants completed the Fundamental Management Programme and 16 participants the Middle Management Programme. Of these participants at least 50% were from the designated group.

Other training and development interventions that we focus on are:

- information technology skills;
- supervisory skills;
- sales;
- quality systems; and
- production and processing skills.

We are committed to the Skills Development Act. Our submission of skills development plans and our implementation against targets have ensured the maximum benefit in this regard. We have appointed 30 apprentices (electricians, millwrights, fitters and turners) with assistance from the Sectorial Training Authority for Agriculture.

We have a study loan policy providing employees with financial assistance to further their academic qualifications in line with current and future job requirements.

Apart from the above initiatives, we spent R5,8 million on training and development of our employees.

Employee turnover

We continuously evaluate our recruitment processes to ensure that high potential talent is employed, taking cognisance of leadership capabilities, identified competencies for positions and employment equity plans. Our approach is to attract the best people in the industry with focus on the appointment of persons from the designated groups.

Human rights

Human rights are central to our legitimacy and are addressed in our Code of Ethics, including:

- obeying the law;
- respecting others;
- acting fairly; and
- being honest.

Breaches are addressed through the applicable legal system, internal procedures and through "Tip-offs Anonymous" and employees may use established grievance procedures and they may also seek union or industry assistance.

All incidents reported through "Tip-offs Anonymous" are investigated by internal audit and appropriate action taken in terms of the relevant policies and disciplinary procedures.

PINNACLE PROGRAMME –
FUNDAMENTAL MANAGEMENT PROGRAMME GRADUATES AND MANAGEMENT

1

1 *Best student of 2014 – Potchefstroom Business School*

Ashmi Singh (centre) Best student of 2014, Potchefstroom Business School, Len Hansen (HR Director – Astral) left and Andy Crocker (MD – Meadow) right.

2 *2014 graduates and management.*

2

HEALTH AND SAFETY

2014 final fire fighting competition.

We comply with the Occupational Health and Safety Act or similar legislation in other countries. At factories, safety, health and environment committees are in place to assess and reduce the impact on the environment of manufacturing activities and to ensure the safety of employees. The lost-time injury frequency rate is calculated by all business units. This provides for accurate benchmarking between business units and a measuring tool to compare current and past performances.

Lost-time injury frequency rate is calculated by taking the number of disabling injuries times 200 000 divided by the number of man hours worked by all employees and contractors.

SUSTAINABILITY (CONTINUED)

EVALUATE RECRUITMENT PROCESSES

WE CONTINUOUSLY EVALUATE OUR RECRUITMENT PROCESSES TO ENSURE THAT HIGH POTENTIAL TALENT IS EMPLOYED, TAKING COGNISANCE OF LEADERSHIP CAPABILITIES, IDENTIFIED COMPETENCIES FOR POSITIONS AND EMPLOYMENT EQUITY PLANS.

"Tip-offs Anonymous" data	**2014**	2013
Number of calls received	**64**	42
Number of reports generated	**26**	13
Number of reports investigated	**26**	12
Number of convictions	**4**	2

We apply a "zero tolerance" approach towards fraud and corruption and protect employees who raise concerns relating to fraud and corruption from victimisation.

The following alleged offences were reported to the "Tip-offs Anonymous" line:

Alleged offence	**Number**
Theft	1
Human resources	18
Fraud	4
Conflict of interest	1
Unethical behaviour	2

It is not our policy to support political parties and no funds were made available for this purpose during the year.

Workplace improvement programme

Over the past year we have continued with our drive for excellence through the implementation of the 20 Keys Total Workplace Improvement Programme, which aims to energise the workforce to work faster, cheaper and better. All employees at the various workplaces participate as teams to improve productivity and efficiencies through focus on quality, cost, customer focus, safety and health. We can claim that we have made the best progress in South Africa with the implementation of the 20 Keys Programme.

Two of our operations at Goldi have also achieved the International Excellence Award, i.e. the Primary and Further Processing Plants. These are the two largest operations in the world that have achieved this level of excellence.

20 KEYS PROGRAMME

Employees at Goldi Further Processing Plant who were instrumental in the achievement of the Excellence Award.

SUSTAINABILITY (CONTINUED)

Stakeholders

Issues:

- Stakeholder engagement
- Consumers
  - Product responsibility
- Customers
- Suppliers
  - Preferential procurement
  - Contract growers
  - Packaging and ingredient suppliers
  - Research and development
- Membership of industry organisations
- Employees
- Regulators and compliance
- Community
- Corporate social investment

Stakeholder engagement

We believe that continuous, open and transparent communication with all stakeholders is essential to our legitimacy, core to our values and consistent with our sustainable value creation objective. Mutually beneficial outcomes are sought at all times.

Being a listed entity, we comply with legal communication requirements. Furthermore, we believe in regular dialogue with stakeholders and the investor community as a whole. Numerous interviews with financial analysts are conducted and regular sessions undertaken with investors and media.

Stakeholders	Communication
Shareholders and other providers of capital	Website SENS announcements Trading updates Bi-annual results announcements Integrated annual report Investor relations Face-to-face meetings Site visits
Customers	Face-to-face meetings Regular discussions Advertising through local newspapers
Local communities	Projects which form part of corporate social investment
Industry	South African Poultry Association Consumer Goods Council of South Africa South African Agricultural Processors Association Animal Feed Manufacturers Association
Staff and unions	Confidential hotline through "Tip-offs Anonymous" Bi-annual road shows Management and union meetings Internal newsletters and notice boards
Suppliers	Presentations to Procurement Committee Regular discussions
Government	Adhering to laws and regulations Face-to-face meetings

To communicate our strategy, performance, developments and other information relevant to employees, we deploy a number of electronic communication channels, including a communique from the desk of the Chief Executive Officer.

Presentations are made by the Chief Executive Officer to employees twice annually on the group's financial performance and future plans.

Our website provides up-to-date information to stakeholders.

Astral's branded chicken products are distributed widely and reach consumer groups across the spectrum of society. Our consumers can choose from an extensive range of products, from affordable frozen secondary products to higher value fresh chicken, including free range and prepared value-added convenience products. The Goldi brand has maintained loyal support from the middle to lower income consumers, driven by consistent and trusted quality, availability and good value. County Fair and Festive brands on the other hand have developed strong equity in the middle to upper income consumer sectors where demand for prime products is stronger. We have recently launched a fresh range offering under the Mountain Valley brand.

Product responsibility

The need for manufacturers to market products that meet the required food safety standards has resulted in a number of ongoing initiatives and practices to comply with legislation. In recent years the Food Safety Initiative was launched by the Consumer Goods Council of South Africa to which we subscribe. Reviews

ASTRAL'S CAL LABS AWARDED INTERNATIONAL ISO 17025 ACCREDITATION

Astral is proud to announce that on 8 October 2014, Central Analytical Laboratories (CAL Labs), a wholly owned subsidiary of Astral, was awarded the International Organisation of Standardisation ISO 17025 accreditation. This is the highest technical accreditation awarded to laboratories worldwide.

Chris Schutte, CEO of Astral, stated that: "This is a commendable achievement as CAL Labs was subjected to stringent tests over a period of five years to achieve this noteworthy accreditation where CAL Labs was compared to an international peer group of laboratories."

CAL Labs was established in 1997 as a one-stop analytical service to the agricultural industry and is today the leading commercial laboratory servicing the animal feed industry, its suppliers and customers. CAL Labs has a large customer base across the Southern Africa Development Community (SADC) region. Traditional testing concentrated on proximate and mineral analysis before CAL Labs opened a chromatography laboratory a few years ago and is now the largest mycotoxin testing laboratory in the SADC region. CAL Labs has also invested in laboratory equipment to become the preferred reference laboratory for the soya industry placing emphasis on protein and processing quality. CAL Labs boasts world-class instruments selected in conjunction with its international technical partners. The methodologies adopted by CAL Labs have been selected from the Association of Analytical Communities (AOAC), American Oil Chemists Society (AOCS) and ISO. CAL Labs employs 23 staff members situated in its custom-built laboratory in Roodepoort.

The ISO 17025 accreditation is the standard by which a laboratory can be deemed technically competent and relates to the general requirements for the competence of testing and calibration laboratories. There are two main requirements in the ISO 17025 accreditation, namely the management requirements, which assesses the operation and effectiveness of the quality management system; and the technical requirements, which includes factors which determine the correctness and reliability of the tests performed by the laboratory. CAL has received accreditation for nine mineral tests across a matrix including monogastric and ruminant finished feed, pet food, oilcakes, forages and animal by-products.

1

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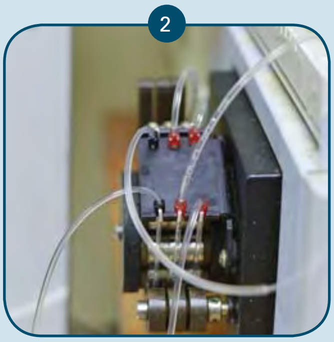

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Andy Crocker, Managing Director of Astral's Feeds division, commented that the proficiency of CAL Labs will continue to be tested on a monthly basis on a wide range of analytes (proximate, minerals, in-feed medications and mycotoxins) using a range of international accredited proficiency schemes from the Association of American Feed Control Officials (AAFCO), AOCS, BiPea and Neogen.

"This highly internationally acclaimed ISO 17025 accreditation will further enhance CAL Labs status as the leading commercial laboratory for our industry, in the SADC region;" concluded Schutte.

4

1 *An auto-sampler improves accuracy and efficiency.*

2 *Pumps control the flow of sample into the instrument.*

3 *Mineral analysis using validated methodology and proven/audited competency of staff.*

4 *Inductively coupled plasma optical emission spectophotometer (ICP-CES) for the simultaneous measurement of nine minerals.*

SUSTAINABILITY (CONTINUED)

of various statute requirements and industry legislation have been implemented to better control product quality and food safety.

We take a proactive approach to ensure all processing plants involved in the food chain are Hazard Analysis and Critical Control Point Systems (HACCP) or Quality Management Systems Certification (ISO) certified in terms of Food Safety Management Systems. We follow the farm-to-fork approach, from control of animal feed quality, health of grandparents (GPs), parents and broilers as well as hygiene at the abattoirs, processing plants, cold chain facilities and distribution points to end-users. Preventative medicine to control food-borne diseases is strictly practised in line with legislation. Monitoring for biological and chemical residues is done by reputable independent laboratories. A team of in-house consulting veterinarians assist the group. All our abattoirs consistently perform above 80% in the Department of Agriculture's Hygiene Programme.

We emphasise the importance of traceability of final product and are in a position to trace any emergency situation arising through the system from final product to chicken growing and feed supply. We are actively involved in a number of forums such as the South African Poultry Association, Codex Committees and Statute Committees.

Bird welfare

We consider the well-being of our biological assets, the chickens, and safety of derivative products (poultry meat and meat products) for human consumption as paramount. This is achieved through implementation of the South African Poultry Association (SAPA) Code of Practice that serves as a guide on standards for bird welfare.

Genetics and nutrition

The broiler breed called Ross 308 was chosen by Astral for its improved production efficiencies which are realised only when a fine balance between genetics, nutrition, disease control and housing environment is achieved. Birds have free and easy access to nutritious and safe feed as well as clean water. No hormones are used to improve growth and feed utilisation.

Health and product safety

Strict hygiene standards are maintained through cleaning of floors and equipment with detergents (soap) followed by disinfection (sanitation) at the end of each production cycle. Bacterial tests are regularly conducted on cleaned floors and equipment to ensure the efficacy of cleaning chemicals and methods. This practice eliminates disease-causing organisms, thereby improving bird health. Furthermore, our team of veterinarians continually monitors the health status of chickens. Antibiotics are used under strict veterinary supervision for prevention, control and treatment of specific conditions in order to reduce stress, pain and suffering of the birds. Antibiotics are withdrawn timeously from live chickens prior to slaughter in order to comply with regulations.

Housing environment

As none of our chickens are kept in cages, floors in all houses are bedded with clean good quality wood shavings, sunflower husks or wheat straw which keep the birds dry and warm and enables them to scratch and wallow. The bedding that our chicks are placed on in the houses is turned to prevent excessively wet or uncomfortable conditions. Our chicken houses are specifically designed for optimum ventilation and temperature control.

The lighting period is kept longer during the first few days of the birds' life in order to encourage them to eat and drink. Once the chicks have acclimatised to the new environment, lighting is adjusted to enable them to sleep naturally, as they may require.

Handling

Handling, transportation and slaughter practices of birds are as stipulated in the SAPA Code of Practice.

Husbandry

Toe-clipping and beak trimming are done humanely in breeder males using laser technology and hot blade in order to prevent injury to hens by cocks during mating.

Customers

Our key customers lie primarily in top end retail chains and wholesalers, mainly independently owned, and highly entrepreneurial by nature. Longstanding trading relationships are in place with the major retail groups, who continue to play important roles in reaching our targeted consumers and building our brands. Most of our independent wholesale customers have been partners for decades and have driven distribution of our chicken brands strongly into the independent retail sector. We have a strong association with The Cold Chain which continues to provide crucial services that include warehousing, distribution and merchandising to the retail and wholesale chains on our behalf.

Suppliers

Raw material availability is synonymous with two main risk areas, namely price and quality/supply. The agricultural commodity markets, as with other commodities, equities and currencies, have been extremely volatile over the past 12 months as a result of the financial crisis, global recession, inclement weather, market sentiment and money flows. High volatility leads to increased price risk which is managed by having a conservative approach to market exposure together with access to knowledgeable and respected advisors and suppliers. These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Animal feed is an industry where raw material substitution is an essential skill to optimise feed quality and price. We are a major player in the South African arena but only use approximately 0,1% of the global maize and soya production. Our skill in raw material substitution and access to suppliers with an international footprint will ensure that we will remain a reliable supplier of quality feed.

Preferential procurement

The BEE scorecard is the key instrument used to direct preferential procurement activities and a BEE supplier database is maintained to ensure compliance. Existing suppliers are encouraged to improve BEE levels, and the search for value-adding BEE compliant suppliers is an ongoing process. The procurement strategy is in the process of being realigned to the amended BBBEE codes from preferential procurement to enterprise and supplier development.

The search for empowering suppliers with minimum 51% black ownership is a continuous process. These empowering suppliers are given opportunities to showcase their product offerings through conducting product trials at business units. Suppliers that perform well at business unit level are given opportunities to expand within Astral. To comply with the amended BBBEE codes, empowering suppliers with 51% black ownership and 30% black female ownership will be given more preferential procurement opportunities.

Contract growers

We make use of contract growers at our Festive and Goldi operations and are continuously seeking opportunities to expand the number of contract growers, especially those that have a BBBEE component involved.

Contract growers are regarded as Enterprise Development on the BBBEE scorecard and an amount of R21,4 million has been spent in this regard.

Contract growers	**2014**	2013
Total number of contract growers	**74**	73
Number of BBBEE contract growers	**12**	11

Packaging and ingredient suppliers

Packaging and ingredient suppliers have a major impact on the risk management of food quality and safety and are managed accordingly. We drive a policy to exclude dealings with suppliers that pose a threat to our product responsibility. Food Safety Certification is a compulsory requirement for ingredient suppliers and continuous communication and controls have been established to prevent potential risks occurring such as the notorious Melamine food contamination scandal in previous years.

Research and development

Astral has a supply agreement in place with Aviagen Limited, a United Kingdom-based group for the supply of poultry breeding stock. Aviagen has the leading poultry breeding programme with an investment of over 10% of gross revenue in research and development annually. This investment is focused on gaining continuous product improvement and in delivering the genetic potential of the Ross 308 to our customers. The United States and United Kingdom facilities have introduced a number of "industry

SUSTAINABILITY (CONTINUED)

firsts" from the application of new technologies, advanced selection techniques and data analysis which have improved selection accuracy and genetic improvement. Aviagen has an established tradition of providing customers with the products and services to meet their current and future business needs. The product development programme is primarily focusing on adding performance improvements that are designed, with the support of several regional technical service teams, to maximise value to the customer. Data from the field suggests an improvement of two points in feed conversion and 0,2% increase in eviscerated yield is available to customers annually. To achieve this goal, Aviagen works closely with Astral's Ross Poultry Breeders division to identify the specific customer needs in the market. The constant improvement, the meticulous evaluation and the development of new products will enable Aviagen to remain at the forefront of the global poultry industry and together with Astral's Ross Poultry Breeders division, the supplier of choice for South Africa.

Membership of industry organisations

Astral and its employees are members and/or participate in the following organisations:

- Agricultural Business Chamber (Agbiz)
- Animal Feed Manufacturers Association
- Chartered Secretaries of South Africa
- Consumer Goods Council of South Africa
- Health Professions Council of South Africa
- Institute of Directors
- Institute of Internal Auditors
- South African Agricultural Processors Association
- South African Board of People Practices
- South African Institute of Chartered Accountants
- South African Institute of Professional Accountants
- South African Poultry Association
- South African Society for Animal Science
- South African Veterinary Council
- World Poultry Science Association

Employees

To communicate our strategy, performance, developments and other information relevant to employees, we deploy a number of electronic communication channels, including a communiqué from the desk of the Chief Executive Officer.

Presentations are made by the Chief Executive Officer to employees twice annually on the group's financial performance and future plans.

We encourage business units to actively and regularly engage with employees.

Regulators and compliance

As we are a participant in the food industry, we comply with the strictest standards and are continuously monitored by internal and external parties to verify adherence.

POULTRY

	Haccp	Retail	Halaal	Export	Other
Festive	SANS 10330	FSA A-rating	MJC status	Approved	Q Pro FSSC – phase 1
Goldi	SANS 10330	FSA A-rating	MJC status	Approved	FSSC – phase 1
Goldi Further Processing	SANS 10330	FSA A-rating	MJC status	Approved	
Mountain Valley	SANS 10330	FSA A-rating	SANHA status	Approved	Q Pro
County Fair – Hocroft	SANS 10330	FSA B-rating	MJC status	Approved	Q Pro SAI Global – A rating
County Fair – Epping	SANS 10330	FSA B-rating	MJC status		Q Pro

HACCP – Hazard Analysis and Critical Control Point Systems.
GMP – Good Manufacturing Practices.
SANS 10330 – Requirements for the development, implementation and maintenance of an HACCP system as a preventative system to enhance the safety of food.
FSA – Food Standards Agency rating.
MJC – Muslim Judicial Council certified.
SANHA – South African National Halaal Authority certified.
Q Pro – Food Safety and Quality Audit certification.
SAI Global – Food Safety Assurance certification.
FSSC – Food Safety Systems certification.

FEED

Meadow	ISO 9001:2008	ISO 22000:2005
– Randfontein	√	√
– Delmas	√	#
– Welkom	√	#
– Pietermaritzburg	√	√
– Paarl	√	√
– Port Elizabeth	√	#
– Ladismith	#	#

ISO 9001:2008 – Quality Management Systems certification.
ISO 2200:2005 – Food Safety Management Systems certification.
 # – Comply but not certified.

Our combined assurance model includes management, internal and external assurance providers.

Management oversight	Line management is accountable and responsible for the management of risk and performance. A key element of this activity is the extent of management reviews and the actions that follow such as policies and procedures, delegation of authority, performance measurement, risk management and control self-assessment.
Risk and legal bases	Corporate functions provide support to line management in executing assurance duties. These include functions such as human resources, procurement, compliance, risk management, quality assurance, health and safety, engineering, forensic (fraud risk management), insurance and actuaries.
Independent assurance	Internal audit, external audit and the independent compliance service providers.

Community

We play an active role in the communities in which we operate through a social investment strategy which focuses on education, HIV/Aids and upliftment.

Corporate Social Investment

The Wellness Programme is an initiative in Corporate Social Investment (CSI) and benefits not only our employees but extends into the broader community.

The Rand value of CSI expenditure can be summarised as follows:

	2014 Rand	2013 Rand
Education	**269 000**	107 830
Skills development, including adult basic education	**4 000 000**	1 148 930
Health, including HIV/Aids	**5 700 000**	5 600 000
Basic needs and social development, including nutrition and/or feeding schemes	**300 000**	551 340
Enterprise development	**21 366 000**	13 000 000
Infrastructure development		28 000
Other	**204 900**	92 400
Total	**31 839 900**	20 528 500

SUSTAINABILITY (CONTINUED)

Environment

Issues:

- Environmental risks
- Environmental impact assessment (EIA)
- Waste to energy opportunities

We strive to use the best environmental practices on all the land used for farming, processing, milling and distribution operations.

Environmental risks

Our underlying environmental policy is the adoption of protective strategies to manage and control the impact of our agricultural and manufacturing operations on the environment, at the same time as safeguarding our extensive assets and human resources.

Environmental risk assessments are conducted and reported on an annual basis as a component of our risk control programme. Willis South Africa has been appointed to conduct environmental risk assessments at selected Astral Foods' operations in order to assist in this regard. The environmental risk assessments focus on the following areas:

- Water quality.
- Waste management.
- Water management.
- Hazardous chemicals/fire and explosions.
- Air quality.
- Site management.
- Land management.
- Legal requirements.

The following environmental risks have been identified in our operations:

Environmental risks	Risks mitigated by
Hazardous chemical, diesel and gas spillage	Training programmes Health and safety procedures Bund walls Annual independent grading audits Hazardous chemical stores Environmental policy Annual independent environmental audits Emergency response plans
Ground and surface water pollution	Environmental management programme Regular monitoring Effluent water treatment
Waste disposal	Registered waste companies for safe disposal of contaminated or hazardous waste
Odours from processing plants	Environmental policy Environmental management programme Weather and monitoring stations

All identified environmental risks are under control and are being monitored continuously.

Astral acknowledges its responsibility to the environment extends beyond legal and regulatory requirements. Astral is committed to reducing its environmental impact as continuous improvement of environmental performance forms an integral part of the business.

Environment Impact Assessment (EIA)

In 2011, Astral commissioned Global Carbon Exchange (GCX) to conduct a carbon footprint analysis of its operations.

Key findings for scope 1 and 2 emissions:

- Scope 1 emissions accounted for 141 684 tonnes CO_2e, or 28% of total measured emissions. Stationary and mobile fuels were the major contributors.
- Coal and LPG were identified as the major CO_2e contributors to stationary fuels.
- Diesel was identified as the major CO_2e contributor to mobile fuels.
- Scope 2 emissions accounted for 237 954 tonnes CO_2e, or 47% of total measured emissions.
- Electricity contributed to all of scope 2 emissions.

Environmental sustainability vision

To align all business units towards reducing carbon emissions through the implementation of innovative, sustainable and value-adding solutions.

Environmental sustainability mission

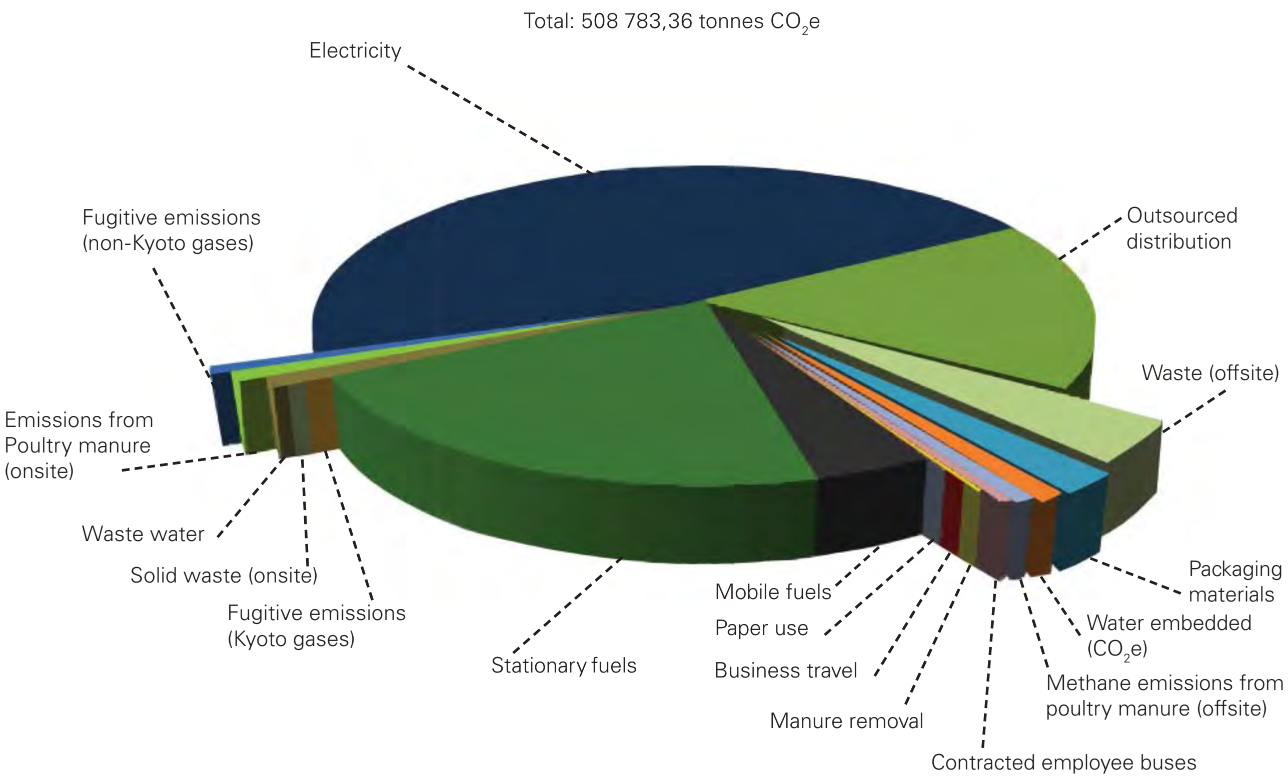
Through participative management, innovative and sustainable carbon reduction solutions will be investigated and value-adding solutions will be implemented.

Significant environmental aspects

The following environmental aspects were identified as significant through the carbon footprint analysis conducted by Global Carbon Exchange (GCX) in 2011:

- Scope 1 emissions – Coal
- Scope 1 emissions – LPG
- Scope 1 emissions – Diesel
- Scope 2 emissions – Electricity

ASTRAL TOTAL EMISSIONS BY SOURCE (OCTOBER 9 TO SEPTEMBER 10)



SUSTAINABILITY (CONTINUED)

Objective and targets

Objective

The goal is to increase recycling initiatives and reduce consumption of significant environmental aspects through the implementation of innovative sustainable solutions.

Targets

Listed below are the savings targets for F2014/2015:

No.	Environmental aspects	Uom	Savings target (F2014/2015)
1	Electricity	Kwh '000	7 371
2	LPG	Tons	17
3	Packaging material recycled	Tons	407
4.1	Water conservation and efficiency improvements	Kℓ	91 236
4.2	Water recycled	Kℓ	469 689

The goal is to identify innovative sustainable solutions for coal and diesel in F2015 and to set targets to reduce consumption from F2016.

Process outline

Each business unit is responsible to meet its environmental targets and interacts with other business units to search for innovative sustainable solutions.

The Executive Manager: Sustainability and Preferential Purchasing assists business units to find innovative sustainable solutions towards meeting targets.

To mitigate risk, business units are encouraged to implement proven sustainable solutions implemented within the group.

At the end of the financial year, business units set environmental targets for the following year.

Included in the annual environmental sustainability report is a report back on environmental targets.

Responsibilities

The Chief Operating Officer is responsible for environmental sustainability at each business unit.

The Financial Manager is responsible for the reporting of sustainability data on Roll-up Sheet 2 (RS2), an internal accounting reporting programme.

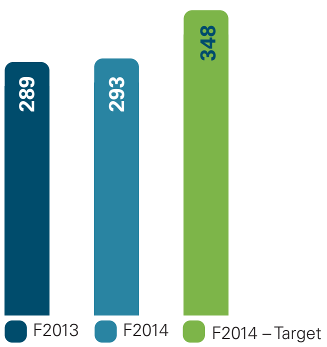
Sustainability data

Environmental aspects	2014 – Actual	2015 – Target	Change
Stationary fuels			
Coal (tons)	**52 537**	59 260	6 723
LPG (tons)	**7 232**	6 379	(853)
Mobile fuels			
Diesel (kℓ)	**5 487**	6 814	1 327
Energy			
Electricity (Kwh '000)	**280 560**	311 757	31 197
Energy saved due to conservation and efficiency improvements (kWh '000)	**6 146**	7 371	1 225
Water			
Water consumption (kℓ)	**5 618 391**	7 351 179	1 732 788
From boreholes (kℓ)	**1 393 838**	1 163 860	(229 978)
From municipal sources (kℓ)	**4 224 553**	6 187 319	1 962 766
Water saved due to conservation and efficiency improvements(kℓ)		91 236	91 236
Recycled water (kℓ)	**208 826**	469 689	260 863
Recycled water as a percentage of total water	**4%**	6%	2%
Materials			
Packaging material (tons)	**15 189**	16 366	1 177
Recycled – Packaging material recycled (tons)	**348**	407	59
Effluents and waste			
Waste to landfill (tons)	**18 501**	20 727	2 226
Hazardous waste disposed (tons)	**7**	8	1
Water discharged (kℓ)	**3 015 174**	2 952 935	(62 239)
Litter (m^3)	**346 660**	345 530	(1 130)
Number of significant spills	**nil**	nil	nil
Recycled litter (m^3)	**345 647**	344 654	(993)
Recycled waste as a percentage of total waste	**95%**	94%	(1)%
Other			
Number of environmental non-compliance prosecution and fines	**nil**	nil	nil

ACTION PLANS

Waste recycling initiatives

Waste recycled (tons)



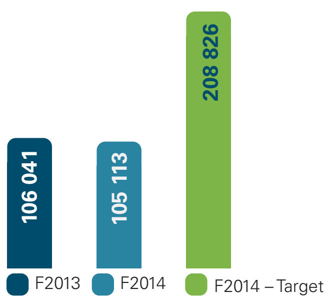
Packaging material recycled in F2014 is at 348 tons versus the F2014 target of 293 tons and prior year of 289 tons, an increase of 20% in comparison to prior year.

In F2014, Meadow Feeds Pietermaritzburg partnered with Ellis Waste Paper CC to collect waste packaging material for recycling purposes. Ellis Waste Paper CC was established in 1994 and is a waste sorting company, employing 61 people and is situated less than a kilometre away from Meadow Feeds Pietermaritzburg. The waste sorted by Ellis Waste Paper CC is baled and supplied to various recyclers such as Mpact, Transpaco, and Nampak. Most of the waste collected from Meadow Feeds Pietermaritzburg is supplied to Meizhu Trading to produce plastic garden chairs. In F2014, 59 tons of waste packaging material was collected by Ellis Waste Paper CC from Meadow Feeds Pietermaritzburg.

The target for F2015 is to increase packaging material recycled to 407 tons from 348 tons in F2014.

Water recycling initiatives

Water recycled (kℓ)



Water recycled in F2014 is at 208 826 kℓ versus the F2014 target of 105 113 kℓ and prior year of 106 041 kℓ, an increase of 97% in comparison to prior year.

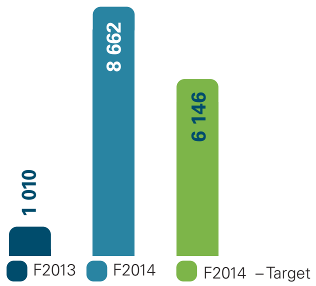
SUSTAINABILITY (CONTINUED)

Completion of the waste water treatment plant is expected in March 2015.

In F2014, the water recycled at Meadow Feeds Randfontein and County Fair increased by 22% and 99% respectively in comparison with prior year. The target for F2015 is to increase water recycled to 469 689 kℓ from 108 826 kl in F2014. Hence, the percentage of total water recycled in F2015 will increase to 6%, from 2% and 4% in F2013 and F2014 respectively.

Reduce electricity consumption

Electrcity saved KWh ('000)



Electricity saved in F2014 is at 6 146 kWh '000 versus the F2014 target of 8 662 kWh '000 and prior year of 1 010 kWh '000 , an increase of 509% in comparison to prior year.

Energy efficient projects

In addition to conservation and other energy efficient projects in F2014, the following business units installed energy efficient lights to reduce electricity consumption:

1. Festive
2. Goldi
3. Meadow Feeds Randfontein
4. Meadow Feeds Pietermaritzburg
5. Ross Poultry Breeders

The photograph shows some of the energy efficient lights installed at the Festive abattoir in Olifantsfontein. At Meadow Feeds Randfontein, smart metering was used to validate electricity savings and on average, lux levels improved by 46% for all areas. The case study of the lighting project at Meadow Feeds Randfontein was published in the Gauteng Business News. See page 67 of this report for a copy of the publication.

The target for F2015 is to reduce electricity consumption by 7 371 kWh '000. The following business units are currently investigating the implementation of energy efficient lights:

1. Meadow Feeds Paarl
2. Meadow Feeds Ladismith
3. Meadow Feeds Delmas
4. Meadow Feeds Eastern Cape

Projects in progress

In F2014, the following business units entered into an agreement with the National Cleaner Production Centre South Africa (NCPC-SA) to conduct Resource Efficiency and Cleaner Production (RECP) Assessments:

1. Mountain Valley
2. Meadow Feeds Pietermaritzburg
3. National Chicks (Hatchery in Camperdown)

The NCPC-SA funded the project and appointed Carbon and Energy Africa to conduct the assessments. Carbon and Energy Africa presented their findings and compiled a detailed RECP report which was handed to each business unit above.

Projects under investigation

Waste to energy

Alternate energy investigations are currently in place at Festive and Mountain Valley with Biowaste Technologies and Bellmall Energy. Solar power through the use of solar panels is also being investigated for Festive, Meadow Feeds Paarl and Mountain Valley with Bellmall Energy.

Procedures

The procurement of sustainable solutions are governed by financial and procurement policies in place at each business unit.

Sustainable projects of a capital nature are approved by either the Managing Director of the Feed or Poultry division before submitted to the board for final approval.

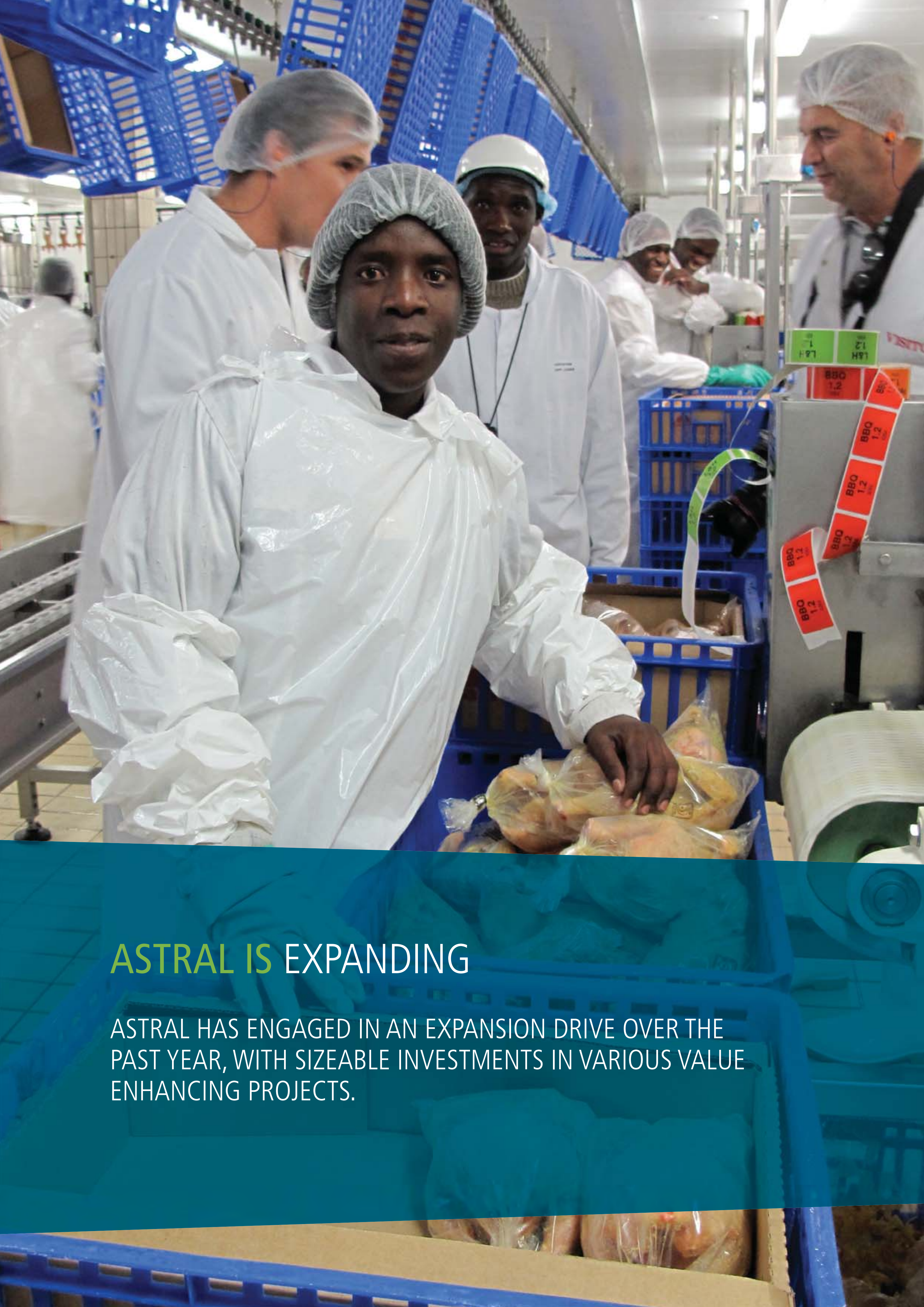
Each business unit is responsible to report its sustainability data on RS2.

At the end of the financial year, the Executive Manager: Sustainability and Preferential Purchasing consolidates the sustainability data and compiles the annual environmental sustainability report for submission to the Company Secretary and the Group Financial Officer of Astral.

Commencing in F2014/F2015, the Astral environmental sustainability report will be accessible to business units via the intranet.

Project status summary

Division	Name	Resource opportunity identified	Projected cost savings (R/year)	Projected annual resource savings	Comments
Poultry	National Chicks Hatchery KwaZulu-Natal	Waste heat recovery from compressor	43 560	4 150 litres of paraffin	To investigate further in F2014/2015
		Solar heating for water	9 250	7 650 Kwh	To investigate further in F2014/2015
		Power factor correction	59 100	636 Kva of maximum demand	Investigation complete
		Variable speed drive on air compressor			To investigate further in F2014/2015
		Fixing compressed air leaks			To be completed in October 2014
Poultry	Mountain Valley	Replace water/geysers with heat pumps	59 500	Coal – 109 tons 116 000 Kwh	To investigate further in F2014/2015
		Pumps efficiency improvement	30 950	46 400 Kwh	To investigate further in F2014/2015
		Variable speed drive on air compressor	14 750	22 100 Kwh	To investigate further in 2014/2015
		Electronic condensate drain trap	1 500	2 250 Kwh	To be completed October 2014
		Variable head pressure on condenser	128 000	192 000 Kwh	Implemented
Feed	Meadow Feeds Pietermaritzburg	Improve boiler efficiency	416 850	397 tons of coal	Capital expenditure to be submitted 2015
		Resizing of fans	57 700	65 500 Kwh	First phase of project in progress
		Variable speed drive on pelleting fans	206 000	1 045 tons of steam	Project to be implemented in 2015
		Stopping compressed air leaks	10 940	12 428 Kwh	Ongoing challenge to address
		Stopping steam leaks	67 250	340 tons of steam	Ongoing challenge to address



ASTRAL IS EXPANDING

ASTRAL HAS ENGAGED IN AN EXPANSION DRIVE OVER THE PAST YEAR, WITH SIZEABLE INVESTMENTS IN VARIOUS VALUE ENHANCING PROJECTS.

Expansion of processing facility for fresh chicken at County Fair

Background

County Fair a division of Astral Foods situated in the Western Cape processed one million chickens per week. During the second quarter of F2014, County Fair entered into a broiler supply agreement with Quantum Foods whereby Quantum Foods will supply 550 000 broilers per week. This will result in County Fair being the largest supplier of fresh chicken in the Western Cape market.

Capital expenditure

An amount of R79 million was spent on the expansion of a new fresh processing plant at the primary processing plant in the Western Cape. This increased County Fair's fresh processing capacity by 400 000 birds per week. The construction consisted of a new building which houses a new air chiller, a fresh processing area with holding facilities including a new price marking area and staff change rooms facilities for the new factory.

An ambitious construction project

The first construction commenced on 11 June 2014. The construction process was completed by 28 September 2014 in spite of a wet winter and the steel workers' strike. This project created work for contractors in the civil, stainless steel, refrigeration, labour broking and transport industries in the Western Cape.

Additional employment

This new factory is set up to process predominately fresh chicken. Chickens are manually cut up, packed, wrapped, weighed and in this process County Fair created additional employment of approximately 500 people in the Fisantekraal and surrounding areas.

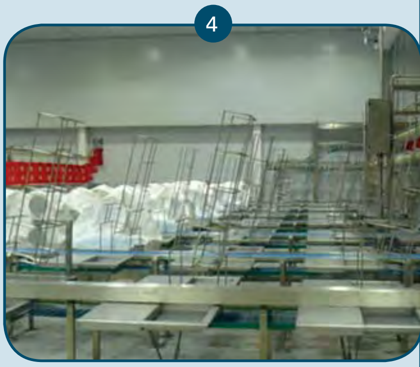
1 *New air chiller.*

2 *Quantum Foods' birds delivered to primary processing plant.*

3 *The employees lined up for their first day.*

4 *New fresh processing area.*

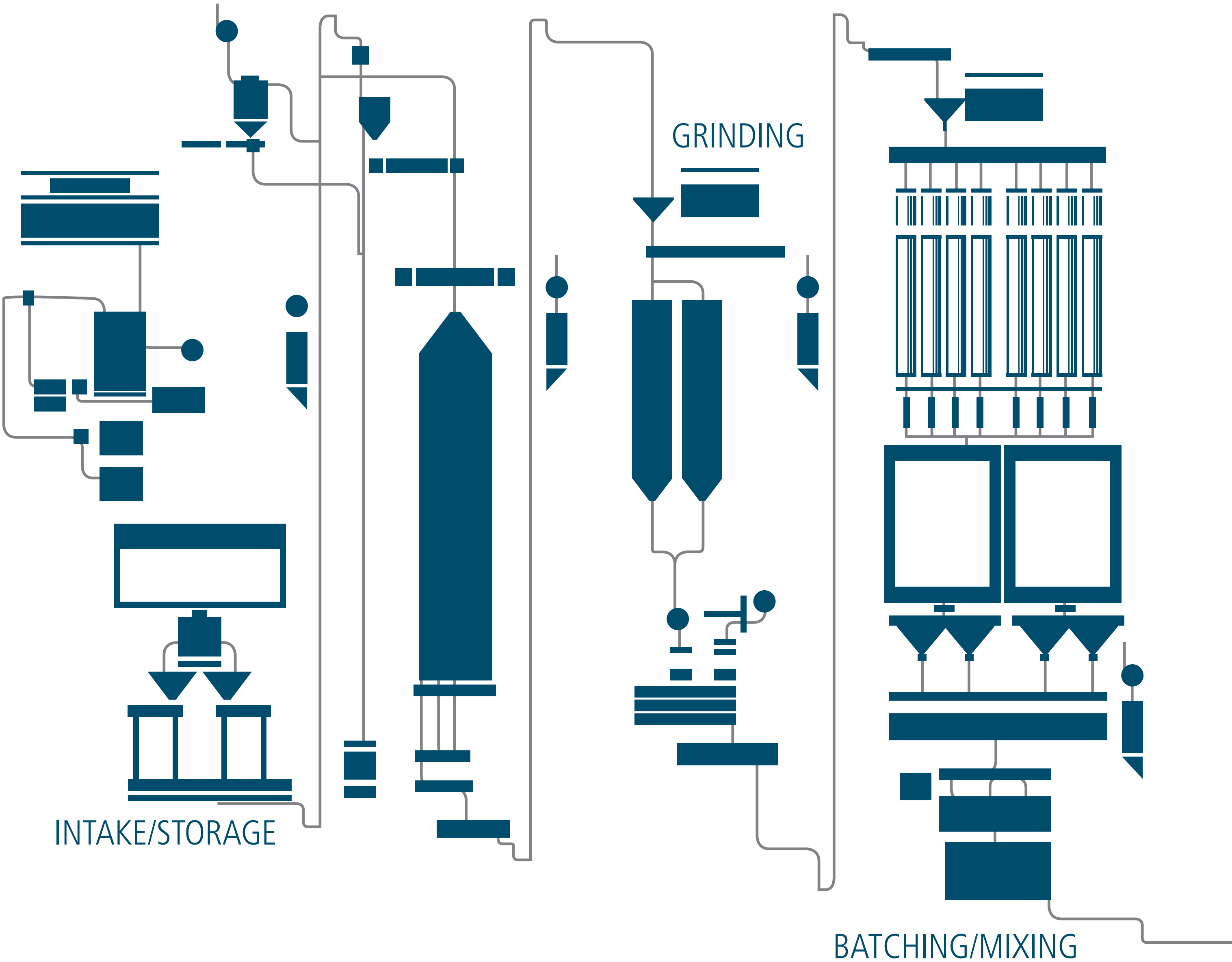
5 *Price marking area.*



EXPANDING OPERATIONS

INVESTMENT IN A STATE-OF-THE-ART FEED MILL IN STANDERTON

Construction work on the feed mill commenced in November 2012. The mechanical equipment installation commenced in August 2013. Plant commissioning commenced in June 2014. Feed production commenced from June 2014.

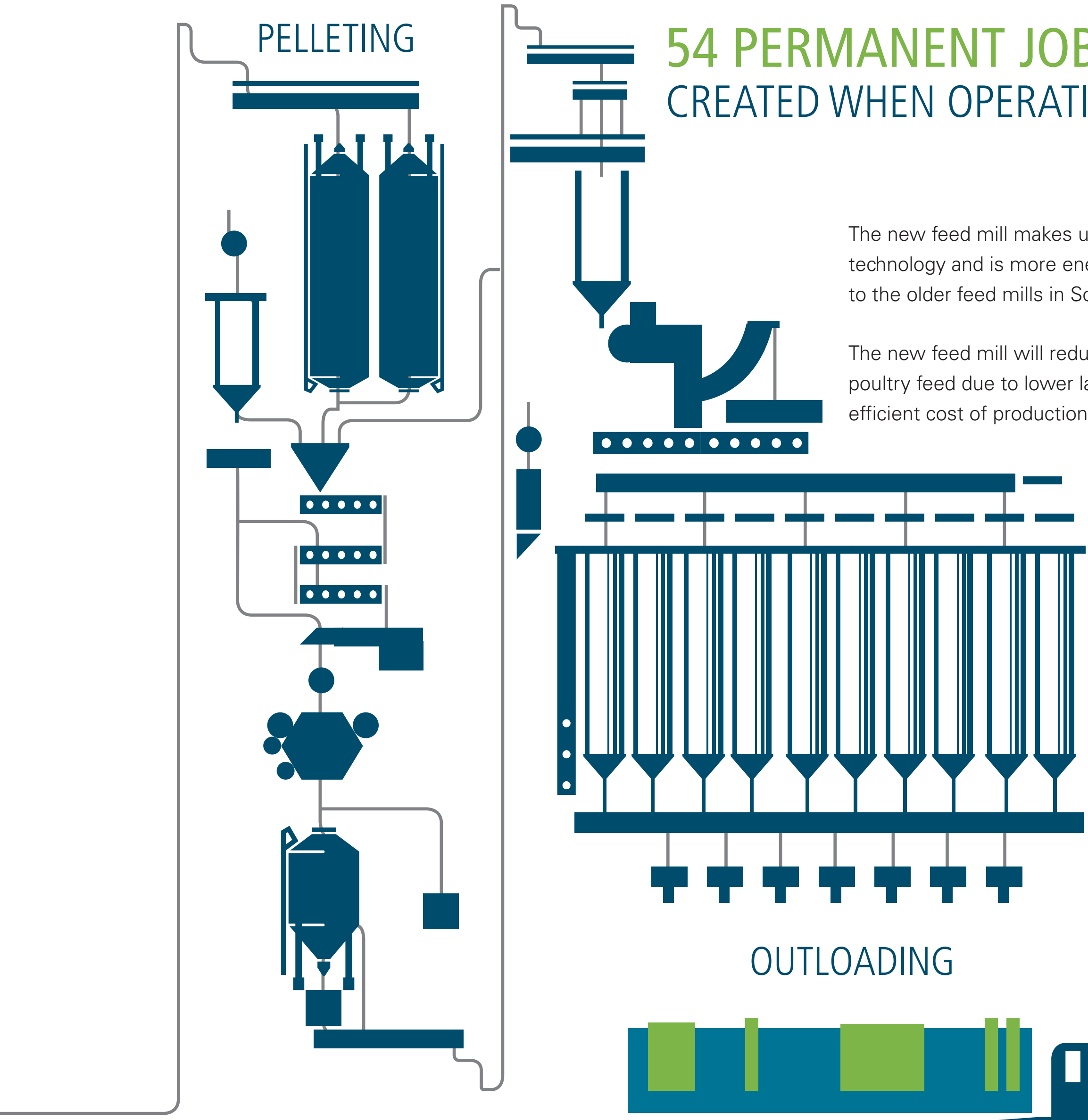


A DTI MANUFACTURING INVESTMENT PROGRAMME GRANT OF R29 MILLION WAS APPROVED IN OCTOBER 2013

DESIGN CAPACITY OF 40 000 TONS PER MONTH

The feed mill has been designed and built with ample spare capacity to facilitate expansion of the poultry business in the Standerton region in the future.

Of the 54 permanent jobs, 20 of these people will not be employed by Astral directly but by service providers such as the security company and outgoing bulk transporters.



54 PERMANENT JOBS TO BE CREATED WHEN OPERATIONAL

The new feed mill makes use of the latest technology and is more energy efficient compared to the older feed mills in South Africa.

The new feed mill will reduce the cost of producing poultry feed due to lower labour requirements and efficient cost of production.

PRODUCING 28 000 TONS BY OCTOBER 2014

(CAPACITY UTILISATION – 70%)

Feed production has commenced from June 2014.

ANNUAL FINANCIAL STATEMENTS

PREPARATION AND PUBLICATION OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 30 September 2014 were published on 17 December 2014. The annual financial statements were prepared by the Chief Financial Officer, Daan Ferreira, CA(SA).

ANNUAL FINANCIAL STATEMENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements of Astral Foods Limited for the year ended 30 September 2014 set out on pages 94 to 155, were approved by the board of directors on 12 November 2014 and signed on its behalf by:

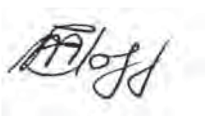
Theuns Eloff
Chairman

Chris Schutte
Chief Executive Officer

Pretoria
12 November 2014

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended, I certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act No 71 of 2008, as amended, in respect of the year ended 30 September 2014, and that all such returns are true, correct and up to date.



Maryna Eloff
Company Secretary

Pretoria
12 November 2014

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Astral Foods Limited and its subsidiaries. The financial statements presented on pages 94 to 155 have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act of South Africa and include amounts based on judgements and estimates made by management.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the company and the group at year-end.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company and the group to enable the directors to ensure that the financial statements comply with the relevant legislation.

Astral Foods Limited and its subsidiaries operated in an established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are being controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company and the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

Theuns Eloff
Chairman

Pretoria
12 November 2014

DIRECTORS' REPORT

The directors' report forms part of the audited financial statements of the company and the group for the year ended 30 September 2014.

1. Nature of business

The company holds investments in subsidiaries and an associate, with their primary activities in animal feed pre-mixes, manufacturing of animal feeds, broiler genetics, the production and sale of day-old broiler chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and the sale and distribution of various key brands.

2. Listing information

Astral Foods Limited is listed on the main board of the JSE Limited under the share code: ARL. The company's ISIN is ZAE000029757.

3. Registered address

The company's registered address is:

92 Koranna Avenue, Doringkloof, Centurion, 0157. Postnet suite 278, Private Bag X1028, Doringkloof, 0140.

4. Business review

Financial overview

	2014 R'000	2013 R'000
Operating results		
Revenue	**9 602 376**	8 508 853
Operating profit	**492 939**	261 867
Profit on sale of interest in business unit		46 566
Net finance costs	**(25 278)**	(26 959)
Share of profit from associate	**2 240**	6 474
Profit before income tax	**469 901**	287 948
Income tax expense	**(128 835)**	(77 122)
Profit for the year	**341 066**	210 826
Attributable to:		
Equity holders of the company	**337 518**	207 537
Non-controlling interest	**3 548**	3 289
Profit for the year	**341 066**	210 826
Financial position		
Non-current assets	**2 241 407**	1 983 204
Current assets	**2 133 628**	1 938 270
Total assets	**4 375 035**	3 921 474
Total equity	**1 944 840**	1 694 820
Non-current liabilities	**730 818**	693 440
Current liabilities	**1 699 377**	1 533 214
Total equity and liabilities	**4 375 035**	3 921 474

Segment analysis

A segment analysis of the revenue, operating profit and liabilities is set out on page 105 of the annual financial statements.

5. Share capital

Detail of share capital is reflected under note 11 of the financial statements.

No special resolutions have been passed by subsidiaries during the year.

No shares were acquired in terms of share purchases (2013: nil).

In terms of the group's share incentive scheme, 573 800 (2013: nil) options were exercised.

The company's issued share capital increased to 42 722 685 shares.

The company's unissued share capital is 32 277 315 shares.

6. Subsidiaries and joint ventures

Details of the subsidiaries of Astral Foods Limited are set out in note 33 of the annual financial statements.

The interest of the company in the profits and losses of its subsidiaries for the year ended 30 September is as follows:

	2014 R'000	2013 R'000
Subsidiaries		
Total profits before income tax	**471 971**	247 119
Total profits after income tax	**338 300**	178 845
Total losses before income tax	**1 774**	
Total losses after income tax	**251**	143

7. Dividends

The following ordinary dividends were declared:

	2014 R'000	2013 R'000
Interim dividend No 26 of 200 cents per share (2013: nil cents per share)	**84 298**	
Less: Dividends received on treasury shares held by a subsidiary	**(8 177)**	
Final dividend (No 27) of 240 cents per share (declared post year-end) (2013: 222 cents per share)	**102 534**	93 570
Less: Dividends receivable on treasury shares held by a subsidiary	**(9 812)**	(9 076)
Total dividend at 440 cents per share (2013: 222 cents per share)	**168 843**	84 494

8. Property, vehicles, plant and equipment

There has been no major change in the nature of and policy relating to property, vehicles, plant and equipment, except for the construction of a new feed mill.

Details of property, vehicles, plant and equipment are set out in note 2 of the annual financial statements.

Assets of a Zambian subsidiary with a book value of R42 764 000 (2013: R73 086 000) are pledged as security for secured borrowings of R16 945 000 (2013: R37 229 000).

DIRECTORS' REPORT (CONTINUED)

9. Directors

Director	Position	First appointed	Standing for re-election	Elected or re-elected at the last AGM
GD Arnold	Director: Business Development	01 March 2012		
T Delport	Managing Director: Poultry Division	23 March 2009		
T Eloff	Independent non-executive director	08 May 2007		
DD Ferreira	Chief Financial Officer	01 May 2009		
IS Fourie	Independent non-executive director	01 July 2010		Yes
O M Lukhele	Group Veterinary Director	01 May 2009		
M Macdonald	Independent non-executive director	14 November 2003		
TP Maumela	Independent non-executive director	01 July 2013		Yes
CE Schutte	Chief Executive Officer	18 August 2005		
TM Shabangu	Independent non-executive director	01 July 2013		Yes
N Tsengwa	Independent non-executive director	08 May 2007		

The names of the directors who currently hold office are set out on pages 38 to 41 of this report. In terms of Article 34.4.1 of the company's memorandum of incorporation, T Eloff and M Macdonald retire by rotation at the annual general meeting of shareholders and are eligible for re-election. No director holds more than 1% of the ordinary shares in the company. The directors beneficially and non-beneficially hold 178 500 (2013: 237 000) ordinary shares in the company refer to page 104 for details.

Following the formal performance evaluation of the above directors, the Chairman confirms that these individuals' performance continues to be effective and shows commitment to the role.

Particulars of the Company Secretary and her business and postal address appear on page the inside back cover of this report.

No material contracts involving directors' interests were entered into during the year. A register of directorships and interests is disclosed and circulated at every board meeting.

10. Directors' and officers' disclosure of interests in contracts

During the period under review, no contracts were entered into which directors or officers of Astral had an interest and which would affect the business of the company.

11. Directors' emoluments and compensation

Details of directors' emoluments and related payments can be found in the directors' and officers' remuneration report in the consolidated annual financial statements.

12. Resolutions

No special resolutions, the nature of which might be significant to members in their appreciation of the state of affairs of the group, were passed by any subsidiary companies during the period covered by this report.

13. Share incentive scheme

As at 30 September 2014, options in respect of 246 050 shares remained outstanding, being 0.6% of issued share capital.

Details of the dates and prices at which the options were granted are given in note 12 to the financial statements.

14. Shareholders

Details of shareholders are set out on pages 156 and 157 of the annual financial statements.

15. Repurchase of shares

The company has not requested shareholders to grant a general authority to buy back its issued ordinary shares.

16. Events subsequent to balance sheet date

No events took place between year-end and the date of this report that would have a material effect on the financial statements as disclosed.

17. Litigation

There are no current, pending or threatened legal or arbitration proceedings that may have, or have had in the previous 12 months, a material effect on the group's financial position.

18. Date for authorisation for issue of financial statements

The financial statements have been authorised for issue by the board of directors on 12 November 2014. No authority was given to anyone to amend the financial statements after the date of issue.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Our Audit and Risk Management Committee is a formally constituted subcommittee of the board and in addition to having specific statutory responsibilities to the shareholders in terms of section 94 of the Companies Act, it assists the board by advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance.

Terms of reference

The committee has adopted formal terms of reference that have been approved by the board which are regularly reviewed and updated where necessary. The committee has executed its duties during the past financial year in accordance with these terms of reference.

Composition

At 30 September 2014, the committee comprised three independent non-executive directors, namely T Eloff, IS Fourie and M Macdonald (chairman). T Eloff was appointed as chairman of Astral Foods on 1 June 2014. The board decided that T Eloff would remain a member of the committee until such time as TM Shabangu feels comfortable with her role on the committee after being appointed as member of the committee on 11 November 2014.

Meetings

The committee met three times during the year. Attendance of these meetings is shown in the table set out on page 50 of this report.

Duties

In execution of its compliance duties, the committee:

- nominated the re-appointment of PricewaterhouseCoopers Inc. as external auditors and DB von Hoesslin as the designated auditor, after satisfying itself through enquiry that PricewaterhouseCoopers Inc. are independent as defined in terms of the Act. This will be D von Hoesslin's second year as designated auditor of the company;
- confirmed that PricewaterhouseCoopers Inc. and the designated auditor, DB von Hoesslin, are accredited by the JSE;
- at the end of each meeting during the year, met with the external auditors where management was not present: no matters of concern were raised;
- determined the fees to be paid to PricewaterhouseCoopers Inc. as disclosed in note 20 to the annual financial statements on page 145 of this report and their terms of engagement;
- approved a non-audit services policy which determines the nature and extent of any non-audit services which the external auditors may provide to the company;
- pre-approved any proposed contract with PricewaterhouseCoopers Inc. for the provision of non-audit services to the company;
- received no complaints relating to the accounting practices of the group, the content or auditing of its financial statements, the internal financial controls of the group, or other related matters;
- reviewed the draft audited financial statements and integrated annual report, the preliminary profit announcement and interim statements;
- met with the external auditors to discuss the annual financial statements prior to their approval by the board;
- reviewed the valuation of goodwill before recommending any impairment to the board for approval;
- reviewed the reports of the internal audit and the providers of the Tip-offs Anonymous hotline;
- made submissions to the board on matters concerning the group's accounting policies, financial controls, records and reporting;
- concurred that the adoption of a going-concern premise in the preparation of the annual financial statements is appropriate; and
- recommended to the board the declaration of a dividend.

The objectives of the committee were met during the year under review.

Oversight of risk management

The committee has:

- received assurances that the process and procedures followed in terms of risk management are adequate to ensure that financial risks are identified and monitored;
- satisfied itself that the following areas have been appropriately addressed:
  - Financial reporting risks.
  - Financial control risks.
  - Fraud risks as they relate to financial reporting.
  - Information technology risks as they relate to financial reporting.
- reviewed tax and information technology risks, in particular how they are managed.

Internal financial controls

The committee has:

- reviewed the effectiveness of the group's system of internal financial controls including receiving assurance from management, internal audit and external audit;
- reviewed significant issues raised by the external auditors in their reports; and
- reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are effective. Where weaknesses in specific controls have been identified, management undertook to implement appropriate corrective actions to mitigate the weakness so identified.

Legal and regulatory compliance

The committee has complied with all applicable Companies Act and JSE Limited responsibilities.

External audit

Based on processes followed and assurances received, the committee has no concerns regarding the external auditor's independence and approved the following fees for work done by them:

Audit fees	– R4 500 000 (2013: R6 730 000)
Non-audit fees	– R252 000 (2013: nil)

Based on our satisfaction with the results of the activities outlined above, we have recommended the re-appointment of PricewaterhouseCoopers Inc. to the board and the shareholders.

Internal audit

The committee is responsible for overseeing internal audit, and in particular the following:

- Satisfying itself of the competence of the internal auditor and adequacy of internal audit staffing.
- Approving the internal audit plan, as well as the internal audit charter.
- Ensuring that the internal audit function is subject to a periodic independent quality review.
- Reviewing the functioning of the internal audit programme and department, to ensure co-ordination between the internal and external auditors.

A combined assurance programme has been developed to provide a co-ordinated approach to assurances received from the different assurance providers.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

Financial function and Chief Financial Officer's review

We have reviewed the expertise, resources and experience of the company's financial function and are satisfied that these are adequate for the forthcoming year. The committee has also reviewed the performance, appropriateness and expertise of the Chief Financial Officer, Mr DD Ferreira, and confirms his suitability in terms of the JSE Listings Requirements.

Integrated annual report

We have evaluated the integrated annual report of Astral Foods Limited and the group for the year ended 30 September 2014 and based on the information provided to the committee, consider that the group complies in all material respects with the requirements of the Companies Act and International Financial Reporting Standards, and we recommend the integrated annual report to the board for approval.

Going concern

We have reviewed a documented assessment, including key assumptions, prepared by management of the going-concern status of the company and are comfortable in our recommendation to the board regarding the annual financial statements as well as the combined assurances contained in the integrated annual report, and that the company will be a going concern for the next financial period at which time a similar assessment will be done.

On behalf of the Audit and Risk Management Committee

Malcolm Macdonald
Audit and Risk Management Committee Chairman

Pretoria
12 November 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated and separate financial statements of Astral Foods Limited set out on pages 94 to 155, which comprise the statements of financial position as at 30 September 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

Opinion

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

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the Directors' Report, the Audit and Risk Management 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 and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DB von Hoesslin
Registered Auditor

Menlyn
14 November 2014

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

for the year ended 30 September 2014

Directors' remuneration

	Salary R'000	Retirement fund contributions R'000	Travelling allowance and other payments R'000	(Note 1) Long-term retention bonus R'000	(Note 2) Annual incentive bonus R'000	**Total 2014 R'000**	Total 2013 R'000
Executive directors							
For managerial services							
CE Schutte	3 865	650	24	2 848	1 646	**9 033**	6 970
T Delport	2 556	430	39	1 827	1 088	**5 940**	4 571
DD Ferreira	2 556	430	24	1 827	1 088	**5 925**	4 564
OM Lukhele	1 562	263	52	949	626	**3 452**	2 557
GD Arnold	1 743	293	56	949	658	**3 699**	2 641
	12 282	2 066	195	8 400	5 106	**28 049**	21 303
Non-executive directors' fees							
For services as directors							
JJ Geldenhuys						**406^**	609
T Eloff						**566**	430
M Macdonald						**372**	351
N Tsengwa#						**363**	321
IS Fourie						**375**	358
TM Shabangu						**212**	50*
TP Maumela						**212**	50*
TCC Mampane							105^
						2 506	2 274
Total paid to directors by the company and its subsidiaries						**30 555**	23 577

** Directors' fee from date of appointment.*
 # Directors' fee paid to Exxaro Resources Limited.
^ Directors' fee paid to date of resignation.

Prescribed officers' remuneration

	Salary R'000	Retirement fund contributions R'000	Travelling allowance and other payments R'000	(Note 1) Long-term retention bonus R'000	(Note 2) Annual incentive bonus R'000	**Total 2014 R'000**	Total 2013 R'000
For managerial services							
R Steenkamp	1 817	305	45	1 661	387	**4 215**	4 138
LW Hansen	1 580	266	56	949	619	**3 470**	2 572
MA Eloff	1 053	177	10	378	355	**1 973**	1 466
AB Crocker	1 801	303	55	1 554	718	**4 431**	2 775
	6 251	1 051	166	4 542	2 079	**14 089**	10 951

A prescribed officer of the group is defined as the Company Secretary, members of the board of the main operating company, Astral Operations Limited, who are not executive directors of Astral Foods Limited, and individuals responsible for divisional management.

Note 1

Long-term retention bonus

The executive directors and prescribed officers participate in a long-term retention bonus scheme.

In terms of the scheme, above-threshold production performance conditions (PEF) and earnings per share (EPS) growth must be achieved over a three-year period, however 25% of the allocated amount is guaranteed. Payments of vested amounts are made from the third year from the date of allocation.

The performance conditions were measured over three years ending 30 September 2012. Only the PEF performance condition was achieved and 38% of the allocated amount together with the 25% guaranteed amount has vested. The last third of the vested bonus are due for payment in January 2015.

Note 2

Annual incentive bonus

The executive directors and prescribed officers participate in an annual performance-based incentive bonus scheme.

The bonus is calculated based on a sharing percentage of economic value added (EVA) during the past year. The EVA must be in excess of an annual predetermined threshold before participants qualify for a bonus.

The bonus amounts are based on provisional calculations.

Share incentive scheme interests

Share option scheme

			Number of options	
Options outstanding	Grant date	Exercise price	**2014**	2013
CE Schutte				54 800
	28 August 2007	R122,00		33 600
	15 May 2009	R97,00		21 200
T Delport				45 200
	21 May 2008	R88,49		40 000
	15 May 2009	R97,00	**5 200**	5 200
DD Ferreira				36 300
	28 August 2007	R122,00		14 600
	15 May 2009	R97,00		21 700
OM Lukhele				18 300
	28 August 2007	R122,00		11 200
	15 May 2009	R97,00	**3 000**	7 100
GD Arnold	28 August 2007	R122,00		15 500
			8 200	170 100

The scheme provides the right to purchase shares in the company at the exercise price.

One-third of the options are exercisable per year after each of the third, fourth and fifth year from date of granting the option.

Any balance not exercised after seven years from date of granting the option, lapse.

None of the non-executive directors have share incentive scheme interests.

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (CONTINUED)

for the year ended 30 September 2014

Options exercised during the year

	Average value per share on exercise date	Exercise price per share option	Number of options exercised	**Benefit received 2014 R'000**	2013 R'000
Directors					
CE Schutte				**1 543**	
	R135,28	R122,00	33 600	**446**	
	R148,76	R97,00	21 200	**1 097**	
T Delport	R148,35	R88,49	40 000	**2 394**	
DD Ferreira				**1 317**	
	R135,28	R122,00	14 600	**194**	
	R148,76	R97,00	21 700	**1 123**	
OM Lukhele				**351**	
	R138,25	R122,00	11 200	**182**	
	R138,25	R97,00	4 100	**169**	
GD Arnold	R135,28	R122,00	15 500	**206**	
				5 811	
Prescribed officers					
R Steenkamp				**1 024**	
	R135,00	R122,00	12 700	**165**	
	R140,24	R97,31	20 000	**859**	
LW Hansen	R136,78	R122,00	22 300	**330**	
MA Eloff	R135,28	R122,00	10 500	**139**	
AB Crocker	R137,00	R122,00	11 200	**168**	
				1 661	

Issued share capital interest

	Directly held Number of shares		**Indirectly held Number of shares**	
	2014	2013	**2014**	2013
Beneficial interests				
Non-executive directors				
M Macdonald				60 000
T Eloff	**1 000**	1 000		
Executive directors				
CE Schutte	**20 000**	18 500		
DD Ferreira	**155 000**	155 000		
GD Arnold	**2 500**	2 500		
	178 500	177 000		60 000

SEGMENT REPORT – GROUP

for the year ended 30 September 2014

	Revenue#		Operating profit	
	2014 R'000	2013 R'000	**2014 R'000**	2013* R'000
Poultry	**6 966 716**	6 000 605	**104 400**	(112 526)
– As previously reported				(109 412)
– Restatement				(3 114)
Feed	**5 506 079**	4 915 626	**353 728**	329 372
– As previously reported				331 276
– Restatement				(1 904)
Other Africa	**499 278**	442 146	**34 811**	45 021
Services and ventures				
– As previously reported		30 246		4 673
– Restatement		(30 246)		(4 673)
Sales between segments	**(3 369 697)**	(2 849 524)		
– to Poultry	**(3 201 796)**	(2 702 755)		
– to Feed	**(71 473)**	(56 385)		
– to Other Africa	**(96 428)**	(90 384)		
	9 602 376	8 508 853		
Operating profit			**492 939**	261 867
Profit on sale of interest in business unit				46 566
Profit before interest and tax			**492 939**	308 433
Finance income			**651**	880
Finance expense			**(25 929)**	(27 839)
Share of profit from associates			**2 240**	6 474
Profit before tax			**469 901**	287 948
Tax expense			**(128 835)**	(77 122)
Profit for the year			**341 066**	210 826

 # Refer to note 19 of the financial statements for the contributions from the top five customers and entity-wide information.

	Total assets		Total liabilities	
Poultry	**3 137 235**	2 940 901	**1 630 061**	1 263 916
Feed	**1 533 958**	993 517	**1 048 002**	888 053
Other Africa	**253 104**	247 190	**94 917**	103 812
Corporate	**150 309**	90 130	**356 786**	321 137
Set-off of intra-group balances	**(699 571)**	(350 264)	**(699 571)**	(350 264)
	4 375 035	3 921 474	**2 430 195**	2 226 654

	Total non-current assets		Depreciation amortisation and impairment	
Poultry	**1 639 028**	1 464 279	**105 211**	97 628
Feed	**430 061**	355 791	**17 847**	20 153
Other Africa	**146 008**	140 223	**11 080**	8 287
Corporate	**26 310**		**354**	358
	2 241 407	1 960 293	**134 492**	126 426

	Capital expenditure	
Poultry	**286 329**	59 995
Feed	**98 732**	151 314
Other Africa	**19 020**	29 991
Corporate	**135**	106
	404 216	241 406

** Restated – Refer to note 1.*

ACCOUNTING POLICIES

for the year ended 30 September 2014

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1. Basis of preparation

The consolidated financial statements of Astral Foods Limited group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The basis of preparation is consistent with the prior year, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in paragraph 27 of the accounting policies.

2. New standards and interpretation

Accounting policy developments

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards. These developments resulted in the adoption of new standards and revised and additional disclosures required.

International Financial Reporting Standards and amendments effective for the first time for 30 September 2014 year-end

Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting

The IASB has published an amendment to IFRS 7, "Financial instruments: Disclosures", reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 19 – Employee benefits

The IASB has issued an amendment to IAS 19, "Employee benefits", which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is material to the group resulting in a restatement, refer to note 1.

IFRS 10 – Consolidated financial statements

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

Effective date: 1 January 2013

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

2. New standards and interpretation (continued)

IFRS 11 – Joint arrangements

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

Effective date: 1 January 2013

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is material to the group resulting in a restatement, refer to note 1.

IFRS 12 – Disclosures of interests in other entities

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

Effective date: 1 January 2013

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IFRS 13 – Fair value measurement

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

Effective date: 1 January 2013

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IAS 27 (revised 2011) – Separate financial statements

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

Effective date: 1 January 2013

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IAS 28 (revised 2011) – Associates and joint ventures

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

Effective date: 1 January 2013

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is material to the group resulting in a restatement, refer to note 1.

Amendment to the transition requirements in IFRS 10 – Consolidated financial statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of interests in other entities

The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment.

The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements. Refer to note 5 for this disclosure.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 September 2014

2. New standards and interpretation (continued)

Annual Improvements issued May 2012

Improvements to IFRSs (issued May 2012) was issued by the IASB as part the "annual improvements process" resulting in the following amendments to standards issued, these will be effective for 30 September 2014 year-ends:

Amendments to IFRS 1 – First-time adoption of IFRS

The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances.

The amendment clarifies that an entity can choose to adopt IAS 23, "Borrowing costs", either from its date of transition or from an earlier date.

The consequential amendment (as a result of the amendment to IAS 1 discussed below) clarifies that a first-time adopter should provide the supporting notes for all statements presented.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 1 – Presentation of financial statements

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, "Accounting policies, changes in accounting estimates and errors"; or voluntarily.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 16 – Property, plant and equipment

The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 32 – Financial instruments: Presentation

The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.

Effective date: 1 January 2013

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 34 – Interim financial reporting

The amendment brings IAS 34 into line with the requirements of IFRS 8, "Operating segments". A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.

Effective date: 1 January 2013

The group complied with the amendment for the first time in the 2014 annual financial statements and there has been no impact from the application of the amendment.

International Financial Reporting Standards and amendments issued but not effective for 30 September 2014 year-end

IFRS 9 – Financial Instruments (2009)

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

2. New standards and interpretation (continued)

Effective date: 1 January 2018

The group expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the Group annual financial statements.

IFRS 9 – Financial Instruments (2010)

The IASB has updated IFRS 9, "Financial instruments" to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, "Financial instruments: Recognition and measurement", without change, except for financial liabilities that are designated at fair value through profit or loss.

Effective date: 1 January 2018

The group expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group annual financial statements.

Amendments to IFRS 9 – Financial Instruments (2011)

The IASB has published an amendment to IFRS 9, "Financial instruments" that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

Effective date: 1 January 2018

The group expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the group annual financial statements.

Narrow-scope amendments to IAS 36 – Impairment of assets

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Effective date: 1 January 2014

The group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the group annual financial statements.

Amendments to IAS 32 – Financial Instruments: Presentation

The IASB has issued amendments to the application guidance in IAS 32, "Financial instruments: Presentation", that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

Effective date: 1 January 2014

The group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the group annual financial statements.

Amendment to IFRS 11 – Joint arrangements on acquisition of an interest in a joint operation

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Effective date: 1 January 2016

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the amendment will have a material impact on the group annual financial statements.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 September 2014

2. New standards and interpretation (continued)

Amendment to IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets on depreciation and amortisation

In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Effective date: 1 January 2016

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group annual financial statements.

3. Interest in group entities

Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Associates

Associates are entities over which the group has significant influence but not control.

Investment in associates are accounted for using the equity method of accounting whereby the carrying amount of the investment is increased or decreased to recognise the group's share of profit and losses in the associate.

Unrealised gains and losses on transactions between the group and the associate are eliminated. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments. The group has three operating segments, Poultry, Feed, and Other Africa representing the business interest in South Africa and outside South Africa. Business units are largely grouped in these segments based on the nature of their business and in the case of Other Africa the geographical area in which they conduct their business activities.

5. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency'). The consolidated financial statements are presented in Rand, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the income statement within "Other (losses)/gains – net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

Foreign operations

The results and financial position of all group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different to the company's presentation currency, are translated into the presentation currency as follows:

i. Assets and liabilities at the closing exchange rate at the reporting date;
ii. Income and expense items are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
iii. Equity items are translated at the exchange rates ruling when they arose.

All resulting exchange differences are classified as a foreign currency translation reserve and recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

On disposal of a foreign operation, exchange differences are recognised in profit or loss as part of the gain or loss on sale.

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

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 September 2014

6. Property, plant and equipment

Land and buildings comprise mainly of feed mills, poultry processing facilities, poultry farms and offices.

Land is not depreciated and is stated at historical cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings 50 years
- Plant and machinery 8 – 25 years
- Equipment and motor vehicles 5 – 10 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss under other gains/losses.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the assets for its intended use.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, taking into account technology developments and maintenance programmes. Uniform depreciation and amortisation rates are established based on the straight-line method which may not represent the actual usage of the assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

7. Government grants

Government grants received or receivable relating to assets are deducted from the carrying value of those assets. The grants are recognised in profit or loss over the life of the asset as a reduced depreciation expense.

8. Intangible assets

Computer software

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

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (3 – 5 years).

9. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

10. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises all purchase costs of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) incurred in bringing the inventories to its present location and condition. Borrowing cost is excluded.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

11. Biological assets

Live broiler birds and hatching eggs are assessed based on fair values less estimated point-of-sale costs at appropriate reporting dates. Gains and losses arising from changes in the fair values are recorded in cost of sales for the period in which they arise. The determination of fair value is based on the sum of costs allocated to the broiler birds and hatching eggs plus a fair value adjustment representing the excess value over total costs. The fair value adjustment for live broiler birds is based on the bought-in price per live kilogram paid for broiler birds delivered by outside contract growers for processing through the abattoirs. The fair value adjustment for hatching eggs is based on the price at which hatching eggs are sold to the external market.

Breeding stock includes grandparent breeding and parent rearing and laying stock. The cost of breeding stock is capitalised during the initial phase of its lifecycle and is thereafter amortised on a straight line basis over its anticipated productive cycle, to an estimated net realisable value.

All the expenses incurred in establishing and maintaining the assets is recognised in cost of sales. All costs incurred in acquiring biological assets are capitalised.

12. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

13. Financial assets

Financial assets are recognised when the group becomes a party to the contractual provisions of the instrument or secures other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset. Financial assets carried at reporting date include cash and bank balances, investments, loans, derivatives and receivables.

The group classifies its financial assets in the following categories:

- At fair value through profit and loss
- Available-for-sale

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

At fair value through profit or loss

Financial assets at fair value through profit and loss are financial assets so designated by management, or financial assets "held for trading".

Derivatives are also classified as "held for trading" unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include "short-term loans", "trade and other receivables" and "cash and cash equivalents".

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 September 2014

13. Financial assets (continued)

They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets.

Loans and receivables are initially recognised at fair value plus transaction costs, and subsequently measured at amortised cost less impairment losses which are recognised in profit or loss.

Available-for-sale financial assets

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

Available-for-sale financial assets are initially recognised at fair value and are subsequently also measured at fair value through other comprehensive income.

Regular purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

14. Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial assets or to exchange financial instruments with another on potentially unfavourable terms.

The group classifies its financial liabilities in the following categories:

- at fair value through profit and loss
- other

At fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognised at fair value with transaction costs being expensed. Subsequent measurement is at fair value with changes recognised in profit or loss.

Other

Other financial liabilities are recognised at fair value plus transaction costs. Subsequent measurement is at amortised cost with changes recognised in profit or loss.

15. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. No fair value adjustment is made for the effect of time value of money where trade receivables have a short term profile.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables and thereby represent a risk of non-payment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or late payments are considered indicators that the trade receivable is impaired.

Adjustments in the provision for impairments are recognised in the statement of comprehensive income under administrative expenses. When a trade receivable is uncollectible it is written off in the statement of comprehensive income or when previously written off amounts are recovered it is credited in the statement of comprehensive income, both within other gains/losses.

16. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

17. Trade payables

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

18. Borrowings

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

19. Share capital

Ordinary shares are classified as equity.

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

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly incremental costs, is deducted from equity attributable to the company's equity holders until the shares are re-issued or disposed of.

Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

20. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

21. Current and deferred tax

The charge for current tax is based on results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference will not reverse in the foreseeable future.

22. Derivative financial instruments

The group uses derivative financial instruments to manage its exposure to foreign exchange and commodity price risks arising from operational activities.

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

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately under other income/expenses in the statement of comprehensive income.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 September 2014

22. Derivative financial instruments (continued)

Over-the-counter (OTC) contracts

The group enters into over-the-counter (OTC) forward purchases for the purchase of commodities for own use. These contracts are settled by taking physical delivery in the normal course of business and are therefore not regarded as financial instruments.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

23. Employee benefits

Pension obligations

The group operates defined contribution retirement schemes.

A defined contribution scheme is a pension plan under which the group pays fixed contributions into a separate entity.

The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-employment medical benefits

The group provides post-retirement healthcare benefits to some of its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to other comprehensive income. These obligations are valued every year, and the assumptions are reviewed annually, by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders. These profit sharing and bonus plans are approved annually by the board.

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term retention bonus scheme

The group has a long-term retention bonus scheme for certain employees. In terms of the scheme, 25% of the allocated amount is guaranteed, and for certain employees, 75% is subject to specified performance conditions measured over a three-year period being met.

Once vested, amounts are paid at the end of the three year vesting period.

The fair value of the employees' service received in exchange for participation in the scheme, is recognised as an expense over the vesting period.

23. Employee benefits (continued)

Share-based plans

The share option scheme which is equity settled, provides the right to purchase shares in the company at the exercise price. The contractual life of options granted is seven years. The options vest one-third after each of the third, fourth and fifth year of date of granting the option. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market conditions. Non-market conditions are included in assumptions about the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to equity.

The fair value calculations are done by external consultants.

24. Revenue recognition

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

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

Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products; and collectability of the related receivables is reasonably assured.

Goods delivered to contract growers are not recognised as revenue to the extent that control over the goods is retained by the group.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

25. Leases

Leases of property, plant and equipment, where the group (being the lessee) has substantially all the risks and rewards of ownership, are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

26. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the shareholders are entitled to the dividend.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 30 September 2014

27. Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are mainly the following:

Share-based payments

The fair value of share options granted are based on market conditions, discount rates, share price volatility and estimated future forfeitures. These values may changes from time to time and the eventual outcome may differ from the valuations.

Impairment of trade receivables

A provision for impairment is established when there is evidence of significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments.

Impairment of goodwill

Goodwill is assessed for impairment at each reporting date. The recoverable amount of the relevant cash-generating units is determined based on value-in-use calculations. These calculations use cash flow projections per the annual budget and business plan forecasts.

- These plans are revisited every year during the fourth quarter of the financial year to account for the latest trends in particular the first year of the forecast period.
- The discount rates used to determine values incorporate specific business risks related to the industry as well as the different geographical and economical areas in which business activities are conducted.
- The perpetual growth rate used was based on the group's assessment that the economic environment should not lead to any change in the long-term outlook and growth rates are determined after considering market conditions and the strategic positioning of the business units within the markets in which they operate.

Trends in the economic and financial environment, competition, regulatory authorities' decisions and change in consumers behaviour in response to the economic environment, may affect the estimate of recoverable amounts.

Fair value of retirement benefits

The fair value calculation is based on the most recent relevant economic data available. The key estimates and assumptions relating to these areas are disclosed in note 16 to the financial statements.

Biological assets

The fair value of biological assets is determined at each reporting period. The basis for determination of the fair value is set out in paragraph 11 of these accounting policies.

Investment in associates

The carrying value of the investment in associates is based on the cost of the investment at the initial recognition date adjusted with the group's share in post-acquisition changes in equity.

All estimates and underlying assumptions are based on historical experience and various other factors that management believes are reasonable under the circumstances. The results of these estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any affected future periods.

STATEMENT OF FINANCIAL POSITION

at 30 September 2014

	Notes	Group 2014 R'000	Group Restated 2013 R'000	Group Restated 2012 R'000	Company 2014 R'000	Company 2013 R'000
ASSETS						
Non-current assets						
Property, plant and equipment	2	**2 059 143**	1 796 461	1 678 976		
Intangible assets	3	**18 601**	25 320	17 169		
Goodwill	4	**136 135**	136 135	136 135		
Investment in associate	5	**22 180**	19 940	15 303	**1 620**	1 620
Investments and loans	6	**3 453**	5 348	7 766	**233 510**	233 044
Deferred tax asset	15	**1 895**				
		2 241 407	1 983 204	1 855 349	**235 130**	234 664
Current assets						
Inventories	7	**452 594**	440 684	379 433		
Biological assets	8	**644 590**	592 690	534 806		
Trade and other receivables	9	**893 024**	806 821	723 569		60
Current tax asset		**12 889**	4 614	9 819	**3 313**	
Cash and cash equivalents	10	**130 531**	93 461	25 267	**67 540**	
		2 133 628	1 938 270	1 672 894	**70 853**	60
Assets held for sale				15 303		
Total assets		**4 375 035**	3 921 474	3 543 546	**305 983**	234 724
EQUITY						
Capital and reserves attributable to equity holders of the company						
Ordinary shares	11	**427**	422	422	**427**	422
Share premium	11	**67 448**	1 622	1 622	**67 448**	1 622
Other reserves	13	**26 278**	24 247	11 876	**18 611**	18 149
Treasury shares		**(204 435)**	(204 435)	(204 435)		
Retained earnings		**2 039 954**	1 859 010	1 775 742	**217 384**	195 909
		1 929 672	1 680 866	1 585 227	**303 870**	216 102
Non-controlling interest		**15 168**	13 954	10 744		
Total equity		**1 944 840**	1 694 820	1 595 971	**303 870**	216 102
LIABILITIES						
Non-current liabilities						
Borrowings	14	**156 000**	145 255	14 859		
Deferred tax liabilities	15	**438 035**	417 646	407 711		
Employee benefit obligations	16	**136 783**	130 539	132 888		
		730 818	693 440	555 458		
Current liabilities						
Trade and other payables	17	**1 527 007**	1 317 845	1 268 685	**439**	
Current tax liabilities		**22 409**	2 040	5 684		
Borrowings	14	**148 287**	211 630	116 091		16 923
Shareholders for dividend		**1 674**	1 699	1 657	**1 674**	1 699
		1 699 377	1 533 214	1 392 117	**2 113**	18 622
Total liabilities		**2 430 195**	2 226 654	1 947 575	**2 113**	18 622
Total equity and liabilities		**4 375 035**	3 921 474	3 543 546	**305 983**	234 724

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2014

	Notes	Group 2014 R'000	Group Restated 2013 R'000	Company 2014 R'000	Company 2013 R'000
Revenue	19	**9 602 376**	8 508 853		
Cost of sales		**(8 023 982)**	(7 299 383)		
Gross profit		**1 578 394**	1 209 470		
Administrative expenses		**(447 852)**	(376 573)	**(2 861)**	(1 930)
Distribution costs		**(527 782)**	(457 290)		
Marketing expenditure		**(134 773)**	(131 978)		
Other income/expenses	23	**27 203**	13 973	**198 570**	80 000
Other gains/(losses)	24	**(2 251)**	4 265		
Operating profit		**492 939**	261 867	**195 709**	78 070
Profit on sale of interest in associate			46 566		62 086
Profit before interest and tax		**492 939**	308 433	**195 709**	140 156
Finance income	25	**651**	880	**322**	
Finance expense	25	**(25 929)**	(27 839)		(16)
Share of profit from associates		**2 240**	6 474		
Profit before tax		**469 901**	287 948	**196 031**	140 140
Tax expense	26	**(128 835)**	(77 122)	**3 313**	(11 578)
Profit for the year		**341 066**	210 826	**199 344**	128 562
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefit obligations		**5 946**	5 018		
Deferred tax on remeasurement of post-employment benefit obligations		**(1 665)**	(1 405)		
Items that may be subsequently reclassified to profit and loss					
Change in the value of available-for-sale financial assets		**1 367**			
Currency gain/(loss) on investment loans to foreign subsidiaries		**(859)**			
Foreign currency translation adjustments		**1 113**	12 487		
Other comprehensive income for the year, net of tax		**5 902**	16 100		
Total comprehensive income for the year		**346 968**	226 926	**199 344**	128 562
Profit for the year attributable to:					
Equity holders of the company		**337 518**	207 537	**199 344**	128 562
Non-controlling interest		**3 548**	3 289		
Profit for the year		**341 066**	210 826	**199 344**	128 562
Total comprehensive income attributable to:					
Equity holders of the company		**343 128**	223 060	**199 344**	128 562
Non-controlling interest		**3 840**	3 866		
Total comprehensive income for the year		**346 968**	226 926	**199 344**	128 562
Earnings per share attributable to the equity holders of the company during the year:		**cents**	cents		
– basic	27	**884**	545		
– diluted	27	**884**	545		

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2014

	Attributable to ordinary shareholders of Astral Foods Limited						
	Share capital and premium R'000	Other reserves (note 13) R'000	Treasury shares R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Group							
2013							
Balance at 1 October 2012	2 044	11 876	(204 435)	1 775 742	1 585 227	10 744	1 595 971
Option value of share options granted		461			461	4	465
Currency translation differences arising in year		12 487			12 487		12 487
Non-controlling interest in translation differences		(577)			(577)	577	
Profit for the year				207 537*	207 537	3 289	210 826
Remeasurement of post-retirement benefit obligations				3 613*	3 613		3 613
Dividends declared				(127 882)	(127 882)	(660)	(128 542)
Balance at 30 September 2013	2 044	24 247	(204 435)	1 859 010	1 680 866	13 954	1 694 820
2014							
Balance at 1 October 2013 restated	**2 044**	**24 247**	**(204 435)**	**1 859 010**	**1 680 866**	**13 954**	**1 694 820**
Option value of share options granted		**462**			**462**	**(9)**	**453**
Shares issued – share options exercised	**65 831**				**65 831**		**65 831**
Currency translation differences arising in year		**1 113**			**1 113**		**1 113**
Non-controlling interest in translation differences		**(292)**			**(292)**	**292**	
Profit for the year				**337 518**	**337 518**	**3 548**	**341 066**
Remeasurement of post-retirement benefit obligations				**4 281**	**4 281**		**4 281**
Change in the value of available-for-sale financial assets		**1 367**			**1 367**		**1 367**
Currency loss on investment loans to foreign subsidiaries		**(859)**			**(859)**		**(859)**
Transfer to legal reserve – foreign subsidiary		**240**		**(240)**			
Dividends declared				**(160 615)**	**(160 615)**	**(2 617)**	**(163 232)**
Balance at 30 September 2014	**67 875**	**26 278**	**(204 435)**	**2 039 954**	**1 929 672**	**15 168**	**1 944 840**
Company							
2013							
Balance at 1 October 2012	2 044	17 690		208 967	228 701		
Option value of share options granted		459			459		
Profit for the year				128 562	128 562		
Dividends declared				(141 620)	(141 620)		
Balance at 30 September 2013	2 044	18 149		195 909	216 102		
2014							
Balance at 1 October 2013	**2 044**	**18 149**		**195 909**	**216 102**		
Option value of share options granted		**462**			**462**		
Shares issued – share options exercised	**65 831**				**65 831**		
Profit for the year				**199 344**	**199 344**		
Dividends declared				**(177 869)**	**(177 869)**		
Balance at 30 September 2014	**67 875**	**18 611**		**217 384**	**303 870**		

**Restated – refer note 1.*

STATEMENT OF CASH FLOW

for the year ended 30 September 2014

	Notes	Group 2014 R'000	Group Restated 2013 R'000	Company 2014 R'000	Company 2013 R'000
Cash flows from operating activities					
Cash operating profit	A	**671 225**	388 463	**196 167**	78 524
Changes in working capital	B	**32 897**	(150 736)	**499**	
Cash generated from operations		**704 122**	237 727	**196 666**	78 524
Tax paid	C	**(100 232)**	(66 705)		(11 578)
Cash generated from operating activities		**603 890**	171 022	**196 666**	66 946
Cash used in investing activities		**(382 645)**	(160 418)	**322**	63 706
Net purchases of property, plant and equipment	D	**(391 739)**	(225 577)		
Costs incurred on intangibles		**(3 243)**	(9 225)		
Proceeds on disposal of property, plant and equipment		**8 424**	4 894		
Proceeds on disposal of investments			2 921		
Decrease in loans		**3 262**	1 983		
Finance income		**651**	880	**322**	
Proceeds from disposal of investment held for sale			63 706		63 706
Cash flows to financing activities		**(110 822)**	(7 609)	**(112 525)**	(141 992)
Dividends paid to the company's shareholders	E	**(160 640)**	(127 840)	**(177 894)**	(141 578)
Proceeds from shares issued		**65 831**		**65 831**	
Payments to non-controlling interest holders		**(2 617)**	(660)		
Movement in loan to subsidiaries				**(462)**	(398)
Interest paid		**(37 495)**	(34 443)		(16)
Net increase in borrowings		**24 099**	155 334		
Proceeds from borrowings		**55 201**	177 061		
Payment on long-term borrowings		**(31 102)**	(21 727)		
Net inflow/(outflow) of cash and cash equivalents		**110 423**	2 995	**84 463**	(11 340)
Effects of exchange rate changes		**(4)**	(3 688)		
Cash and cash equivalents at beginning of year		**(78 028)**	(77 335)	**(16 923)**	(5 583)
Cash and cash equivalents at end of year	10	**32 391**	(78 028)	**67 540**	(16 923)

NOTES TO THE STATEMENT OF CASH FLOW

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
A. Cash operating profit				
Operating profit	**492 939**	261 867*	**195 709**	78 070
Adjustments for:				
Depreciation and amortisation	**134 645**	122 729		
Reversal of impairment of assets	**(153)**			
Scrapping of property, plant and equipment	**8 585**	3 697		
Profit on disposal of property, plant and equipment	**(5 225)**	(1 926)		
Profit on sale of investment		(2 485)		
Change in provision for employee benefit obligations	**39 981**	4 110*		
Cost of equity compensation reserve	**453**	465	**462**	459
Other non-cash flow items		6	**(4)**	(5)
Cash operating profit	**671 225**	388 463	**196 167**	78 524
B. Changes in working capital				
Increase in inventories	**(13 336)**	(57 147)		
Increase in biological assets	**(52 106)**	(56 731)		
Increase in trade and other receivables	**(61 398)**	(81 362)	**60**	
Increase in trade and other payables	**159 737**	44 504	**439**	
Total change in working capital	**32 897**	(150 736)	**499**	
C. Tax paid				
Balance at beginning of year	**2 574**	4 135		
Normal tax provision	**(111 705)**	(69 867)	**3 313**	(11 578)
Withholding tax	**(772)**	(134)		
Translation differences	**151**	679		
Disposal of business unit		1 056		
Net balance at end of year	**9 520**	(2 574)	**(3 313)**	
Total tax paid	**(100 232)**	(66 705)		(11 578)
D. Net purchases of property, plant and equipment				
Purchase of property, plant and equipment to expand operations	**(275 415)**	(168 042)		
Purchase of property, plant and equipment to maintain operations	**(125 558)**	(64 139)		
Total purchases	**(400 973)**	(232 181)		
Interest capitalised	**14 200**	6 604		
Decrease in advance capital expenditure payments	**4 084**			
Increase in outstanding capital expenditure payments	**19 818**			
Government grant receivable in respect of cost incurred on property plant and equipment	**(28 868)**			
Net purchases of property, plant and equipment	**(391 739)**	(225 577)		
E. Dividends paid				
Balance at beginning of year	**(1 699)**	(1 657)	**(1 699)**	(1 657)
Per statement of changes in equity	**(160 615)**	(127 882)	**(177 869)**	(177 869)
Balance at end of year	**1 674**	1 699	**1 674**	1 699
Total dividends paid	**(160 640)**	(127 840)	**(177 894)**	(177 827)

** Restated – refer note 1.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 September 2014

1. Restatement of comparative amounts for prior periods

Change in accounting policies

The group adopted IFRS 11 (Joint Arrangements) and the revised IAS 19R (Employee Benefits) with effect from its financial year starting 1 October 2013. The impact of these standards on the comparative results for prior periods are as follows:

– IFRS 11 (Joint Arrangements)

In terms of IFRS 11 which superseded IAS 31, interests in joint ventures previously being proportionately consolidated, must now be reported on the equity accounted basis. The group disposed of 25% of its interest in a 50% held joint venture during the previous year. The requirement to remeasure the retained portion of an equity accounted investment in the event of a disposal of a portion of the investment has been removed. The group has accordingly reversed items previously proportionally consolidated, as well as a remeasurement profit of R32 860 000 previously recognised in profit and loss.

– IAS 19R (Employee Benefits)

In terms of the revised IAS 19R, remeasurements of post-employment benefits have to be recognised in other comprehensive income, previously being recognised in profit and loss.

Remeasurements are determined and assessed once a year at September by the group, and an amount of R5 018 000 (R3 613 000 after tax) has now been excluded from profit and loss for the 12 months ended 30 September 2013.

The effect of the restatement on comparative amounts are as follows:

	2013 R'000	2012 R'000
Statement of financial position		
Investment in associate		
As previously reported	52 800	
Restatement – IFRS 11	(32 860)	15 303
Restated	19 940	15 303
Retained earnings		
As previously reported	1 891 870	1 775 742
Restatement – IFRS 11	(32 860)	
Restated	1 859 010	1 775 742

1. Restatement of comparative amounts for prior periods (continued)

Change in accounting policies (continued)

Statement of comprehensive income	2013 As previously reported R'000	IFRS 11 restatement R'000	IAS 19R restatement R'000	2013 Restated R'000
Revenue	8 523 976	(15 123)		8 508 853
Cost of sales	(7 306 905)	7 522		(7 299 383)
Gross profit	1 217 071	(7 601)		1 209 470
Administrative expenses	(373 968)	2 413	(5 018)	(376 573)
Distribution costs	(457 714)	424		(457 290)
Marketing expenditure	(132 069)	91		(131 978)
Other income/expenses	13 973			13 973
Other gains/(losses)	4 265			4 265
Operating profit	271 558	(4 673)	(5 018)	261 867
Profit on sale of interest in associate	79 426	(32 860)		46 566
Profit before interest and tax	350 984	(37 533)	(5 018)	308 433
Finance income	937	(57)		880
Finance expense	(27 839)			(27 839)
Share of profit from associate	2 800	3 674		6 474
Profit before tax	326 882	(33 916)	(5 018)	287 948
Tax expense	(79 583)	1 056	1 405	(77 122)
Profit for the year	247 299	(32 860)	(3 613)	210 826
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of post-employment benefit obligations			5 018	5 018
Deferred tax on remeasurement of post-employment benefit obligations			(1 405)	(1 405)
Items that may be subsequently reclassified to profit and loss				
Foreign currency translation adjustments	12 487			12 487
Total comprehensive income for the year	259 786	(32 860)		226 926
Profit attributable to:				
Equity holders of the company	244 010	(32 860)	(3 613)	207 537
Non-controlling interest	3 289			3 289
Profit for the year	247 299	(32 860)	(3 613)	210 826
Total comprehensive income attributable to:				
Equity holders of the company	255 920	(32 860)		223 060
Non-controlling interest	3 866			3 866
Total comprehensive income for the year	259 786	(32 860)		226 926

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

Statement of cash flow	2013 As previously reported R'000	IFRS 11 restatement R'000	IAS 19R restatement R'000	2013 Restated R'000
Operating profit	271 558	(4 673)	(5 018)	261 867
Change in provision for employee benefit obligations	(908)		5 018	4 110
Proportionate share of profit derived from assets and liabilities held for sale	(4 730)	4 730		
Cash operating profit	388 406	57		388 463
Finance income	937	(57)		880
Proceeds from disposal of investment held for sale	47 552	16 154		63 706
Net inflow/(outflow) of cash and cash equivalents	(13 159)	16 154		2 995
Cash and cash equivalents at beginning of year	(61 181)	(16 154)		(77 335)

Reclassification of long-term retention benefits

The portion of the provision for long-term retention benefits payable to employees later than 12 months is reclassified as non-current liabilities. The non-current liabilities and current liabilities are restated as follows:

	2013 R'000	2012 R'000
Non-current liabilities		
Employee benefit obligations		
As previously reported	92 889	93 797
Reclassification	37 650	39 091
Restated	130 539	132 888
Current liabilities		
Trade and other payables		
As previously reported	1 355 495	1 307 776
Reclassification	(37 650)	(39 091)
Restated	1 317 845	1 268 685

2. Property, plant and equipment

Group	Land and buildings R'000	Plant, and equipment R'000	Vehicles R'000	Total R'000
2013				
Net book amount at 1 October 2012	743 709	873 669	61 598	1 678 976
Changes for the year ended 30 September 2013:				
Exchange translation changes	6 595	6 246	627	13 468
Additions – Expansion	71 132	93 686	3 224	168 042
Additions – Replacement	9 860	46 560	7 719	64 139
Disposals	(511)	(856)	(243)	(1 610)
Assets scrapped	(166)	(1 171)	(21)	(1 358)
Reclassification to intangible assets		(2 213)		(2 213)
Reclassification		18	(18)	
Impairment		(3 559)		(3 559)
Depreciation charge	(20 035)	(87 068)	(12 321)	(119 424)
Closing net book amount	810 584	925 312	60 565	1 796 461
Balance at 30 September 2013:				
Cost	1142 860	1752 602	157 274	3 052 736
Accumulated depreciation	(332 276)	(827 290)	(96 709)	(1 256 275)
Closing net book amount	810 584	925 312	60 565	1 796 461
2014				
Net book amount at 1 October 2013	**810 584**	**925 312**	**60 565**	**1 796 461**
Changes for the year ended 30 September 2014:				
Exchange translation changes	**(1 452)**	**(263)**	**(201)**	**(1 916)**
Additions – Expansion	**94 808**	**176 308**	**4 299**	**275 415**
Additions – Replacement	**9 000**	**111 349**	**5 209**	**125 558**
Disposals	**(1 212)**	**(243)**	**(1 691)**	**(3 146)**
Assets scrapped	**(588)**	**(7 681)**	**(316)**	**(8 585)**
Impairment reversed		**153**		**153**
Depreciation charge	**(21 083)**	**(91 308)**	**(12 406)**	**(124 797)**
Closing net book amount	**890 057**	**1 113 627**	**55 459**	**2 059 143**
Balance at 30 September 2014:				
Cost	**1 241 402**	**2 005 728**	**157 266**	**3 404 396**
Accumulated depreciation	**(351 345)**	**(892 101)**	**(101 807)**	**(1 345 253)**
Closing net book amount	**890 057**	**1 113 627**	**55 459**	**2 059 143**

Details of the individual properties are on record, which is open for inspection by members or their nominees at the registered office of the company.

Expansion additions includes capitalised borrowing costs of R14 200 000 (2013: R6 604 000). The major portion of this capitalised borrowing cost was in respect of the construction of a new feed mill.

The carrying value of buildings and plant and equipment has been reduced with R28 868 000 in respect of a government grant approved as a contribution to the construction cost of a new feed mill.

Assets with a book value of R42 764 000 (2013: R73 086 000) at a Zambian subsidiary are pledged as security for secured loans (refer note 14).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

3. Intangible assets

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Software				
Opening net book amount	**25 320**	17 169		
Changes for the year:				
Exchange translation changes	**(61)**	162		
Capitalisation of costs incurred	**3 243**	9 225		
Reclassification from property, plant and equipment		2 213		
Disposal	**(53)**	(6)		
Impairment		(138)		
Amortisation – included in administrative expenses	**(9 848)**	(3 305)		
Closing net book amount	**18 601**	25 320		
Cost	**55 644**	55 298		
Accumulated amortisation	**(37 043)**	(29 978)		
Closing net book amount	**18 601**	25 320		

4. Goodwill

Goodwill is allocated to the group's cash-generating units identified according to business segment.

A summary of goodwill per segment is as follows:

		Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Poultry					
Earlybird Olifantsfontein/Standerton	Assumptions – (a)	**106 020**	106 020		
Earlybird Camperdown	Assumptions – (b)	**15 599**	15 599		
National Chicks	Assumptions – (b)	**3 749**	3 749		
County Fair	Assumptions – (a)	**2 559**	2 559		
Feed					
Meadow – South African operations	Assumptions – (a)	**5 648**	5 648		
Other Africa					
Africa Feeds Limited (Zambia)	Assumptions – (c)	**2 560**	2 560		
		136 135	136 135		

	Group 2014	Group 2013	Company 2014	Company 2013
Impairment tests were done on the carrying values of goodwill, based on the following assumptions:				
Assumptions – (a)				
– Average perpetuity growth rates (%)	**6**	5,5		
– Period (years)	**4**	5		
– Discount rates (%)	**13,0**	12,6		
Assumptions – (b)				
– Average perpetuity growth rates (%)	**6**	5,5		
– Period (years)	**4**	5		
– Discount rates (%)	**16,0**	15,4		
Assumptions – (c)				
– Average perpetuity growth rates (%)	**7**	5.5		
– Period (years)	**4**	5		
– Discount rates (%)	**18,0**	18,0		
If the discount rates are increased by 1%, goodwill impairment will be	**nil**	30 000		
If either the forecast feed costs increase by 1% or the net realisations of poultry products decrease by 1%, goodwill impairment will be	**nil**	108 600		

The discount rate need to increase to 21% before an impairment will be triggered.

The accounting estimates and judgements on which the impairment tests are based are set out in paragraph 27 of the accounting policies.

5. Investment in associate

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Provimi SSA (Pty) Limited				
Cost	**1 620**	1 620	**1 620**	1 620
Share of post-acquisition profits	**20 560**	18 320		
	22 180	19 940	**1 620**	1 620

The group's interest in Provimi SSA (Pty) Limited is 25%.

The financial year-end of the associate is 31 May.

Results reviewed for 12 months ending August are equity accounted by the group due to the September results not being available in time.

The associate supply animal feed pre-mixes and conducts its business activities in South Africa.

The group has a commitment not exceeding R21 250 000 to provide funding to the associate in the event it is not able to meet payment commitments in respect of a loan provided by its parent company. No provision is made for a liability as the group's portion of the associates net asset value will increase in the event funding assistance is requested.

The summarised financial information for Provimi as at 31 August is as follows:

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Summarised balance sheet:				
Non-current assets	**113 477**	15 542		
Current assets	**119 986**	122 398		
	233 463	137 940		
Equity	**90 723**	81 763		
Non-current liabilities	**85 129**			
Current liabilities	**57 611**	56 177		
	233 463	137 940		
Summarised income statement				
Revenue	**340 251**	302 262		
Profit for the period	**8 960**	18 546		
Reconciliation of net assets				
Interest in net assets	**22 681**	20 441		
Difference between purchase price and book value	**(501)**	(501)		
Carrying value	**22 180**	19 940		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
6. Investments and loans				
Subsidiaries – at cost			**233 510**	233 044
Other unlisted:				
Group Risk Holdings Pty Limited – a company holding investments in companies which operate in the field of insurance, reinsurance and risk management	**3 453**	2 086		
Value at the beginning of the year	**2 086**	2 086		
Fair value gain – recognised in other comprehensive income	**1 367**			
Indebtedness:				
Other		3 262		
	3 453	5 348	**233 510**	233 044

The fair value of the other unlisted investments was based on level 3 in the fair value measurement hierarchy – ie based on the group's pro-rata share of the carrying value of net assets. There has been no transfers between different hierarchy levels.

Other loans have no fixed repayment dates and are interest free.

The group does not consider there to be any significant credit risks regarding the loans.

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
7. Inventories				
Raw materials	**144 936**	130 769		
Finished goods and merchandise	**243 539**	253 300		
Consumable stores	**64 119**	56 615		
	452 594	440 684		

Inventory with a carrying value of R1 207 000 (2013: R1 094 000) at a Zambian subsidiary were pledged as security for borrowings (refer note 14).

The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R5 809 million (2013: R5 301 million).

8. Biological assets

	Egg stock R'000	Breeding stock R'000	Broiler stock R'000	Total R'000
Group				
2013				
Fair value at 1 October 2012	65 460	234 792	234 554	534 806
Increase due to established costs	437 851	1 022 367	3 639 936	5 100 154
Decrease due to harvest/sales	(430 948)	(969 099)	(3 638 899)	(5 038 946)
Fair value adjustment	(1 753)		(1 571)	(3 324)
Fair value at 30 September 2013	70 610	288 060	234 020	592 690
2014				
Fair value at 1 October 2013	**70 610**	**288 060**	**234 020**	**592 690**
Increase due to established costs	**486 204**	**1 062 581**	**4 146 217**	**5 695 002**
Decrease due to harvest/sales	**(482 842)**	**(1 033 445)**	**(4 130 178)**	**(5 646 465)**
Fair value adjustment	**2 442**		**921**	**3 363**
Fair value at 30 September 2014	**76 414**	**317 196**	**250 980**	**644 590**

The quantity of egg, breeding and broiler stock is based on the number of eggs and bird placements at the beginning of each production cycle.

Biological assets with a carrying value of R16 579 000 (2013: R11 619 000) at a Zambian subsidiary were pledged as security for borrowings (refer note 14).

The fair value of the biological assets were based on level 3 in the fair value measurement hierarchy – ie based on inputs that are not based on observable market data. There has been no transfers between different hierarchy levels.

9. Trade and other receivables

	Group		**Company**	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Financial instruments				
Trade receivables	**780 916**	738 171		
Provision for impairment	**(3 474)**	(3 543)		
Trade receivables – net	**777 442**	734 628		
Other receivables	**19 719**	15 543		60
Government grant receivable	**28 868**			
Non-financial instruments				
Prepayments	**21 686**	25 872		
VAT recoverable	**44 572**	28 684		
Other receivables	**737**	2 094		
	893 024	806 821		60

Trade receivables with a book value of R229 000 (2013: R17 000) at a Zambian subsidiary are pledged as security for borrowings (refer note 14).

The government grant receivable is in respect of an investment in property, plant and equipment. The carrying value of the relevant property, plant and equipment items have been reduced with the government grant amount.

The fair values of trade and other receivables approximate their carrying value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

9. Trade and other receivables (continued)

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
SA Rand	**871 464**	789 805		60
Zambian Kwacha	**12 197**	11 689		
Mozambican Meticais	**9 363**	5 327		
	893 024	806 821		60
Trade receivables are categorised as follows:				
Poultry	**558 631**	525 521		
Farming	**13 425**	17 808		
Retail and wholesale	**545 206**	507 713		
Feed	**206 125**	200 292		
Farming	**185 421**	180 050		
Retail and wholesale	**20 704**	20 242		
Other Africa	**16 160**	12 358		
Feed	**6 292**	6 855		
Farming	**9 868**	5 503		
	780 916	738 171		
Ageing profile of trade receivables:				
Up to 30 days	**773 460**	727 982		
30 to 60 days	**4 851**	1 400		
60 days and longer	**2 605**	8 789		
	780 916	738 171		
Trade receivables of R773 460 000 (2013: R727 982 000) are neither past due nor impaired.				
Trade receivables outstanding longer than 30 days per category:				
Poultry	**4 325**	8 516		
Feed	**2 889**	1 673		
Other Africa	**242**			
	7 456	10 189		
Provision for impairment:				
Balance at 1 October	**(3 543)**	(4 288)		
Increase charged to profit and loss	**(1 076)**	(192)		
Impairment provision utilised against trade receivables	**1 145**	937		
Balance at 30 September	**(3 474)**	(3 543)		

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

9. Trade and other receivables (continued)

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Ageing profile of provision for impairment:				
30 days and longer	**(3 474)**	(3 543)		
The provision for impairment is categorised as follows:				
Poultry				
Farming	**35**			
Retail and wholesale		1 439		
Feed				
Farming	**2 867**	2 104		
Other Africa				
Feed	**442**			
Farming	**130**			
	3 474	3 543		
Risk profile of trade receivables according to internal risk assessment:				
Low risk – national customers with low credit risk	**384 047**	344 416		
General risk – customers with a moderate risk profile	**394 264**	384 966		
High risk – customers with a high risk profile	**2 605**	8 789		
	780 916	738 171		
Security held against trade receivables:				
Bank guarantees	**14 050**	19 633		
Covering bonds over property	**15 982**	9 682		
Notarial bonds over movable assets		2 500		
Credit guarantee insurance cover	**374 849**	351 477		
	404 881	383 292		
Security held per trade receivable category:				
Poultry	**394 199**	371 073		
Feed	**5 500**	7 000		
Other Africa	**5 182**	5 219		
	404 881	383 292		

Refer to note 31 for detail on the management of the credit risk related to trade receivables.

10. Cash and cash equivalents

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Cash at bank and in hand	**130 531**	93 461	**67 540**	
Cash and cash equivalents include the following for purposes of the cash flow statement:				
Cash at bank and in hand	**130 531**	93 461	**67 540**	
Bank overdrafts – (note 14)	**(98 140)**	(171 489)		(16 923)
Cash and cash equivalents per the statement of cash flow	**32 391**	(78 028)	**67 540**	(16 923)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
11. Share capital				
Authorised share capital				
75 000 000 ordinary shares of 1 cent each (2013: 75 000 000 ordinary shares of 1 cent each)	**750**	750	**750**	750
Issued share capital				
42 722 685 ordinary shares of 1 cent each	**427**	422	**427**	422
(2013: 42 148 885 ordinary shares of 1 cent each)				
Share premium	**67 448**	1 622	**67 448**	1 622
Total issued share capital and premium	**67 875**	2 044	**67 875**	2 044

All issued shares are fully paid.

Number of shares effectively in issue	**Number of shares**	Number of shares	**Number of shares**	Number of shares
Issued shares	**42 722 685**	42 148 885	**42 722 685**	42 148 885
Treasury shares held by subsidiary	**(4 088 577)**	(4 088 577)		
	38 634 108	38 060 308	**42 722 685**	42 148 885
Treasury shares				
Treasury shares are held by a wholly owned subsidiary of the company.				
Unissued share capital				
The number of shares available to be utilised for purposes of the share option scheme:				
Number of share options available at beginning of year	**3 420 850**	3 384 350	**3 420 850**	3 384 350
Number of share options exercised	**573 800**		**573 800**	
Number of share options forfeited	**51 700**	36 500	**51 700**	36 500
Number of share options available at end of year	**4 046 350**	3 420 850	**4 046 350**	3 420 850
The number of share options outstanding at end of year	**246 050**	871 550	**246 050**	871 550
Number of shares under the control of directors for the purpose of the share option scheme at the end of the year	**4 292 400**	4 292 400	**4 292 400**	4 292 400

Share options forfeited were in respect of employees who left the employment of the group.

12. Share-based payments

Share option scheme

The scheme, an equity settled incentive remuneration scheme, provides the right to purchase shares in the company at the exercise price.

The contractual life of options granted is seven years. Options not taken up will lapse on the seventh anniversary of the option date.

The scheme allows one-third of the share options to be exercised per year after each of the third, fourth and fifth year from date of granting the option.

The exercise price of the granted options is equal to the market price of the shares on date of the grant.

Movement during the year in the number of options is as follows:

	Exercise price	Number of options outstanding at beginning of year	Number of options exercised during the year	Number of options forfeited during the year	Number of options outstanding at end of the year	Number of options exercisable at end of year
Date						
28 August 2007	R122,00	448 800	(429 200)	(19 600)		
21 May 2008	R88,49	40 000	(40 000)			
27 October 2008	R90,80	28 000	(28 000)			
24 February 2009	R86,00	6 900	(4 600)		2 300	2 300
15 May 2009	R97,00	55 200	(47 000)		8 200	8 200
10 June 2009	R97,31	25 000	(25 000)			
15 July 2009	R96,86	15 200		(15 200)		
30 September 2011	R118,00	163 100		(16 900)	146 200	48 733
28 September 2012	R104,71	89 350			89 350	
		871 550	(573 800)	(51 700)	246 050	59 233

Value of share options outstanding at the end of the year at the exercise price amounts to R27 600 639 (2013: R99 290 061).

No share options were granted during the year (2013: none).

The service cost recognised by the group in the current year in return for the cumulative share options granted to date to employees and directors for the group amounts to R459 000 (2013: R462 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

13. Other reserves

	Equity compensation reserve R'000	Currency translation reserve R'000	Non-distributable legal reserve# R'000	Currency gains/(losses) on investment loans R'000	Available-for-sale investments R'000	Total other reserves R'000
Group						
2013						
Balance at 1 October 2012	17 688	(6 354)	542			11 876
Option value of share options granted	461					461
Currency translation differences arising in year		12 487				12 487
Non-controlling interest in translation differences		(577)				(577)
Balance at 30 September 2013	18 149	5 556	542			24 247
2014						
Balance at 1 October 2013	**18 149**	**5 556**	**542**			**24 247**
Option value of share options granted	**462**					**462**
Currency translation differences arising in year		**1 113**				**1 113**
Non-controlling interest in translation differences		**(292)**				**(292)**
Transfer from retained earnings to legal reserve			**240**			**240**
Change in the value of available-for-sale financial assets					**1 367**	**1 367**
Currency loss on investment loans to foreign subsidiaries				**(859)**		**(859)**
Balance at 30 September 2014	**18 611**	**6 377**	**782**	**(859)**	**1 367**	**26 278**
Company						
2013						
Balance at 1 October 2012	17 690					17 690
Option value of share options granted	459					459
Balance at 30 September 2013	18 149					18 149
2014						
Balance at 1 October 2013	**18 149**					**18 149**
Option value of share options granted	**462**					**462**
Balance at 30 September 2014	**18 611**					**18 611**

 # The non-distributable reserve relates to a foreign statutory requirement whereby a portion of reserves of a foreign subsidiary is regarded as non-distributable.

14. Borrowings

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Non-current				
Secured loans	**16 945**	37 229		
Unsecured loan	**189 202**	148 167		
Less: Portion payable within one year included in current liabilities	**(50 147)**	(40 141)		
	156 000	145 255		
Current				
Bank overdrafts	**98 140**	171 489		16 923
Portion of non-current borrowings payable within one year	**50 147**	40 141		
	148 287	211 630		16 923
Total borrowings	**304 287**	356 885		16 923
The carrying amounts of the group's borrowings are denominated in the following currencies:				
SA Rand	**278 207**	301 373		16 923
Zambian Kwacha	**26 080**	55 512		
	304 287	356 885		16 923
Secured loans				
Secured loans obtained by subsidiaries disclosed in the other Africa segment	**16 945**	37 229		
Interest is linked to market related rates.				
Interest rates at 30 September (%)	**19,0**	4,3 to 9,1		
Assets with the following book values are pledged as security for the secured loans:				
Land and buildings	**14 643**	45 244		
Plant and equipment	**28 121**	27 842		
Biological assets	**16 579**	11 619		
Inventory	**1 207**	1 094		
Trade receivables	**229**	17		
Contractual maturity of payments of the secured loans:				
Not later than one year	**13 709**	23 366		
Between one and five years	**5 763**	15 232		
Over five years	**5**	96		
	19 477	38 694		
Less: Finance charges	**(2 532)**	(1 465)		
	16 945	37 229		

Repayments consist of monthly interest and capital payments.

Maturity dates vary from October 2014 to July 2016.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
14. Borrowings (continued)				
Unsecured loans				
An unsecured loan obtained by a subsidiary disclosed in the Feed segment	**189 202**	148 167		
Interest is linked to market related rates.				
Interest rate at 30 September (%)	**8,1**	7,4		
Contractual maturity of payments of non-current borrowings:				
Not later than one year	**50 400**	25 163		
Between one and five years	**174 335**	218 622		
	224 735	243 785		
Less: Finance charges	**(35 533)**	(43 618)		
	189 202	200 167		
Unutilised funds		(52 000)		
	189 202	148 167		
Repayment consist of monthly interest payments and quarterly capital repayments.				
The maturity date is December 2017.				
Borrowing facilities				
The group has the following general borrowing facilities at floating interest rates.				
– denominated in SA Rand				
Total facilities	**755 000**	755 000		
Unutilised facilities at year-end	**730 678**	641 364		
– denominated in Zambian Kwacha				
Total facilities	**22 960**	24 163		
Unutilised facilities at year-end	**13 821**	5 880		
The borrowing facilities are reviewed on an annual basis.				
Borrowing powers				
No limit has been placed in the articles of association on the borrowing powers of the company.				
15. Deferred tax				
Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 28% (2013: 28%).				
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority.				
Net deferred tax asset				
Movement on the deferred tax asset account is as follows:				
Charge to profit and loss	**1 895**			
At end of year	**1 895**			

15. Deferred tax (continued)

Analysis of deferred tax asset

	Opening balance R'000	Charge to profit and loss R'000	Closing balance R'000
Group			
2014			
Temporary differences giving rise to deferred tax liabilities			
Accelerated tax allowances on assets		**(10 812)**	**(10 812)**
Temporary differences giving rise to deferred tax assets			
Tax losses utilised to reduce liability		**12 496**	**12 496**
Other		**211**	**211**
		1 895	**1 895**

Net deferred tax liabilities

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Movement on the deferred tax liability account is as follows:				
At beginning of year	**417 646**	407 711		
Exchange translation changes	**471**	353		
Change in tax rate – foreign subsidiaries	**(379)**			
Charge related to items in other comprehensive income	**1 665**	1 405		
Charge to profit and loss	**18 632**	8 177		
– Originating and reversal of temporary differences	**14 839**	18 207		
– Adjustment to amounts recognised in prior year	**3 793**	(10 030)		
At end of year	**438 035**	417 646		

Analysis of deferred tax liabilities

	Opening balance R'000	Charge to profit and loss R'000	Charged to other comprehensive income R'000	Closing balance R'000
Group				
2013				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	371 098	(5 538)		365 560
Temporary difference on livestock and farming consumables	115 664	28 008		143 672
Temporary differences giving rise to deferred tax assets				
Provision for retirement benefit obligations	(26 263)	(1 151)*	1 405*	(26 009)
Provision for long-term retention payments	(18 485)	73		(18 412)
Provision for outstanding leave pay	(12 155)	(1 440)		(13 595)
Rental equalisation reserve	(3 446)	(554)		(4 000)
Provision for incentive bonuses	(8 299)	3 599		(4 700)
Tax losses utilised to reduce liability	(164)	164		–
Other	(10 239)	(14 984)	353	(24 870)
	407 711	8 177	1 758	417 646

** Restated – refer to note 1.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

15. Deferred tax (continued)

	Opening balance R'000	Charge to profit and loss R'000	Charged to other comprehensive income R'000	Closing balance R'000
Group				
2014				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	365 560	9 500		375 060
Temporary difference on livestock and farming consumables	143 672	3 583		147 255
Temporary differences giving rise to deferred tax assets				
Provision for retirement benefit obligations	(26 009)	(1 109)	1 665	(25 453)
Provision for long-term retention payments	(18 412)	(2 883)		(21 295)
Provision for outstanding leave pay	(13 595)	(2 433)		(16 028)
Rental equalisation reserve	(4 000)	(157)		(4 157)
Provision for incentive bonuses	(4 700)	(8 694)		(13 394)
Tax losses utilised to reduce liability		(436)		(436)
Other	(24 870)	20 882	471	(3 517)
	417 646	18 253	2 136	438 035
Change in tax rate – foreign subsidiaries	(379)	379		
	417 267	18 632	2 136	438 035

A deferred tax liability of R14 940 000 (2013: R14 274 000) has not been recognised in respect of withholding tax in the event of future dividend distributions by the foreign subsidiaries.

No deferred tax was provided for temporary differences of R17 744 000 (2013: R15 952 000) in respect of the carrying value of investments in associates.

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

16. Employee benefit obligations

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Post-employment medical benefits	**90 904**	92 889		
Long-term retention benefits	**45 879**	37 650*		
	136 783	130 539*		
Post-employment medical benefits				
The group provides post-retirement healthcare benefits to some of its current and retired employees – refer to paragraph 23 of the accounting policies for more detail regarding the post-employment medical plan. Benefits paid and the movement in the provision are charged against profits in the current period. Remeasurements are charged to other comprehensive income.				
Amounts recognised in the profit and loss:	**8 413**	8 363*		
– Current service costs	**1 083**	1 217		
– Interest costs	**7 330**	7 146		
Amounts recognised in other comprehensive income:				
Remeasurement	**(5 946)**	(5 018)		
– Arising from changes in financial assumptions	**(368)**	(2 305)		
– Arising from changes in demographic assumptions	**(5 455)**	(2 666)		
– Miscellaneous	**(123)**	(47)		
Estimated employer benefits payable during next 12 months	**4 917**	4 448		
The liability recognised in the financial statements was actuarially valued at 30 September 2014 (previous valuation date: 30 September 2013). The liability was valued using the projected unit credit method which is the same method used in the prior year.				
Discount rate (%)	**8,3**	8,0		
Healthcare (subsidy) inflation rate (%)	**7,0**	6,8		
Pre-retirement mortality rates as per SA85-90 ultimate table				
Post-retirement mortality rates as per PA(90) ultimate table rated down two years plus an improvement of 0,75% per annum from a base year of 2006.				
Present value of funded obligations per actuarial valuation at 30 September				
Balance at beginning of year	**92 889**	93 797		
Current service cost	**1 083**	1 217		
Interest costs	**7 330**	7 146		
Remeasurement	**(5 946)**	(5 018)		
Benefits payments	**(4 452)**	(4 253)		
Balance at end of year	**90 904**	92 889		

** Restated – refer note 1.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

16. Employee benefit obligations (continued)

Discontinued mean terms of membership

Sensitivity analysis	12 years, 10 months Accrued liability	14 years, 3 months % change
Discount rate increases by 1% per annum	80 955	(11)
Discount rate reduces by 1% per annum	103 096	13
Subsidy inflation increases by 1% per annum	103 050	13
Subsidy inflation reduces by 1% per annum	80 834	(11)
Mortality rate increases by 1%	90 530	(0,4)
Mortality rate decreases by 1%	91 291	0,4

A deterministic model has been used to calculate the projected cash flows and the corresponding sensitivity results. The results are point estimations and a limitation is a limited range of results is available for the sensitivity results.

The present value of the defined benefit obligation and the experience adjustment were as follows:

	R'000	Experience adjustment %
30 September 2014	90 904	6,5
30 September 2013	92 889	5,4
30 September 2012	93 797	0,9
30 September 2011	90 654	(1,8)
30 September 2010	84 643	(2,9)
30 September 2009	76 998	(4,3)

17. Trade and other payables

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Financial instruments				
Trade payables	**1 134 151**	1 020 252		
Outstanding payment in respect of capital expenditure incurred	**41 724**	21 906		
Accruals and other payables	**176 912**	129 554	**439**	
Non-financial instruments				
Employee benefit payments	**30 425**	28 106*		
VAT payable	**21 892**	18 981		
Outstanding leave obligations	**57 433**	48 555		
Competition Commission settlement		17 000		
Operating lease equalisation	**14 847**	14 285		
Accrued payroll expenses	**47 835**	16 785		
Other	**1 788**	2 421		
	1 527 007	1 317 845*	**439**	
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
SA Rand	**1 481 158**	1 297 301	**439**	
Zambian Kwacha	**39 105**	18 532		
Mozambican Meticais	**6 744**	2 012		
	1 527 007	1 317 845	**439**	

** Restated – refer note 1.*

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

18. Contingencies and commitments

	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Capital commitments				
Capital expenditure approved not contracted	**12 956**	108 270		
Capital expenditure contracted but not recognised in the financial statements	**43 521**	72 069		

The capital commitments will be financed from a combination of operating cash flow, borrowings from the available general borrowing facilities and structured debt. Total debt is expected to remain well within the accepted gearing profile of the group.

Operating lease commitments

The group leases various properties, plant and equipment and vehicles under non-cancellable operating leases. Future lease payments are as follows:

	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Not later than one year	**167 991**	157 271		
Later than one year and not later than five years	**579 253**	660 870		
Later than five years	**155 298**	227 626		
	902 542	1 045 767		

Leases are contracted for periods ranging up to 10 years with no renewal options. Rental escalations vary from nil to prime interest rate linked escalations.

The group entered into an agreement whereby some of its transport requirements have been outsourced to a third party. The fixed cost portion of this arrangement has been disclosed as an operating lease.

The arrangement is for an initial period of 10 years with an option to renew the agreement. Lease escalations are linked to inflation. The initial lease period expires on 1 October 2021.

The lease expenditure charged to the income statement is disclosed in note 20.

Other commitments

The group has contracted its raw material requirements from various suppliers in terms of future supply agreements.

	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Contracted amounts not recognised in the statement of financial position are as follows:	**998 891**	1 025 170		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
19. Revenue				
Revenue from the sale of goods:				
Revenue denominated in South African Rand	**9 103 098**	8 150 066*		
Revenue denominated in foreign functional currencies	**499 278**	358 787		
	9 602 376	8 508 853*		
External revenue comprises of the net value of the sales of feed and poultry related products from the following segments:				
Poultry	**6 846 216**	5 890 463		
Feed	**2 256 882**	2 176 244		
Other Africa	**499 278**	442 146		
	9 602 376	8 508 853		
The following intra-group revenue is excluded:				
Poultry	**622 246**	563 130		
Feed	**3 359 699**	2 827 778		
Other Africa	**29 778**	11 170		
	4 011 723	3 402 078		
Revenue is disclosed net of value-added tax, normal discounts and rebates, and returns.				
Revenue from the top five customers are all from the poultry segment.				
Customer 1	**2 247 948**	1 669 038		
Customer 2	**1 209 910**	933 847		
Customer 3	**772 657**	547 813		
Customer 4	**623 959**	485 457		
Customer 5	**244 591**	230 569		

* *Restated – refer note 1.*

Revenue from customer 1 and 2 exceeds 10%.

20. Expenses by nature

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
Group					
2013					
Cost of raw material	5 300 650				5 300 650*
Inventory written down and losses	2 067				2 067
Fair value adjustment to biological assets	3 324				3 324
Operating lease costs	27 488	6 454	109 980	511	144 433
Amortisation of intangibles		3 305			3 305
Depreciation on property, plant and equipment	110 243	3 550	5 155	476	119 424
Impairment of property, plant and equipment, and intangibles		3 697			3 697
Repairs and maintenance	262 200	8 147	4 644	71	275 062
Water	38 983	100			39 083
Energy	402 069	1 746	2 476		406 291
Information technology-related costs		26 519		62	26 581
Advertising, marketing, promotional-related costs				77 102	77 102
Transport and distribution costs	27 385		271 149		298 534
Employee benefit expense	729 064	161 729	31 742	43 004	965 539*
Directors' remuneration		23 577			23 577
Cost recognised for provision for long-term retention payment to employees		16 011			16 011
Cost recognised for share options granted to employees and directors		465			465
Auditors' remuneration and related expenses		6 730			6 730
Other	395 910	114 543	32 144	10 752	553 349*
	7 299 383	376 573	457 290	131 978	8 265 224
2014					
Cost of raw material	**5 809 092**				**5 809 092**
Inventory written down and losses	**8 594**				**8 594**
Fair value adjustment to biological assets	**(3 363)**				**(3 363)**
Operating lease costs	**31 773**	**6 650**	**118 714**	**1 064**	**158 201**
Amortisation of intangibles		**9 848**			**9 848**
Depreciation on property, plant and equipment	**116 485**	**2 954**	**5 182**	**176**	**124 797**
Net reversal of impairment of property, plant and equipment, and intangibles	**(153)**				**(153)**
Repairs and maintenance	**255 603**	**8 697**	**3 514**	**68**	**267 882**
Water	**39 682**	**109**			**39 791**
Energy	**427 900**	**1 899**	**6 167**	**201**	**436 167**
Information technology-related costs	**740**	**30 162**	**24**	**2**	**30 928**
Advertising, marketing, promotional related costs				**73 268**	**73 268**
Transport and distribution costs	**54 210**		**321 194**		**375 404**
Employee benefit expense	**804 938**	**220 501**	**31 985**	**44 387**	**1 101 811**
Directors' remuneration		**30 555**			**30 555**
Cost recognised for provision for long-term retention payment to employees		**36 003**			**36 003**
Cost recognised for share options granted to employees and directors		**468**			**468**
Auditors' remuneration and related expenses		**5 148**			**5 148**
Other	**478 481**	**94 858**	**41 002**	**15 607**	**629 948**
	8 023 982	**447 852**	**527 782**	**134 773**	**9 134 389**

** Restated – refer to note 1.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
21. Directors' remuneration				
Executive directors				
Salaries	**12 282**	11 315		
Retirement fund contributions	**2 066**	1 903		
Travelling allowance and other payments	**195**	167		
Long-term retention payments	**8 400**	7 918		
Performance based bonuses	**5 106**			
	28 049	21 303		
Non-executive directors				
Fees	**2 506**	2 274		
Total directors' remuneration	**30 555**	23 577		
Less: Paid by subsidiary	**(28 824)**	(22 102)		
	1 731	1 475		
No share options in terms of the share option scheme were granted to the executive directors of the company during the year (2013: nil).				
Refer note 12 for details of the share-based payment scheme.				
Refer to the directors remuneration report for details on long-term retention bonus payments.				
22. Employee benefit expense				
Wages and salaries of permanent employees	**862 575**	729 167		
Retirement fund contributions	**64 601**	55 774		
Termination benefits	**2 773**	2 468		
Post-retirement benefits	**5 346**	4 253		
	935 295	791 662		
Cost of contracted labour	**166 516**	168 862		
	1 101 811	960 524		
Number of employees at 30 September:				
– Permanent employees	**8 185**	7 658		
– Contracted labour	**3 570**	3 534		
	11 755	11 192		
23. Other income				
Dividends received		19	**198 570**	80 000
Scrap sold	**1 224**	734		
Bad debts recovered	**594**	204		
Storage fee income	**4 922**	5 041		
Insurance recoveries	**15 977**	4 021		
Rental received	**2 888**	2 489		
Rebates received	**1 598**	1 465		
	27 203	13 973	**198 570**	80 000

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
24. Other gains/(losses)				
Foreign exchange profits/(losses) on financial instruments	**1 109**	(146)		
Profit on sale of property, plant and equipment	**5 225**	1 926		
Assets scrapped	**(8 585)**			
Profit on sale of investments		2 485		
	(2 251)	4 265		
25. Finance expense and income				
Interest expense				
Bank borrowings	**19 229**	23 274		16
Loans	**17 799**	8 087		
Other	**3 101**	3 082		
	40 129	34 443		16
Less: Interest capitalised	**(14 200)**	(6 604)		
	25 929	27 839		16
Interest income				
Bank surplus balances	**558**	433*	**322**	
Other	**93**	447		
	651	880	**322**	
Net finance expense	**(25 278)**	(26 959)	**322**	(16)
Interest was capitalised at rates between 8,1% and 9,25% in respect of expenditure on assets which took a substantial period of time to get ready for their intended use.				
26. Tax expense				
Current tax	**116 574**	60 234*	**90**	11 578
Deferred tax	**12 944**	18 207*		
	129 518	78 441	**90**	11 578
Tax – prior year	**(4 869)**	8 577	**(3 403)**	
Deferred tax – prior year	**3 793**	(10 030)		
Tax rate change – foreign subsidiary	**(379)**			
Withholding tax	**772**	134		
	128 835	77 122	**(3 313)**	11 578
The tax on the group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of South Africa:				
Profit before tax	**469 901**	287 948	**196 031**	140 140
Tax calculated at a tax rate of 28% (2013: 28%)	**131 572**	80 625	**54 889**	39 239
Share of profit from associates	**(627)**	(1 813)*		
Effect of different tax rates in other countries	**(2 843)**	171		
Profit on sale of investments at a different inclusion rate		(2 237)*		(5 806)
Expenses not deductible for tax purposes	**1 416**	1 854	**801**	546
Tax losses utilised against normal and deferred tax provision		(159)		
Adjustments to prior year's normal tax provision	**(4 869)**	8 577	**(3 403)**	
Adjustments to prior year's tax base of assets and provisions used for calculating deferred tax	**3 414**	(10 030)		
Income not subject to tax			**(55 600)**	(22 400)
Withholding tax	**772**	134		
Tax charge per income statement	**128 835**	77 122	**(3 313)**	11 579

** Restated – Refer note 1.*

Further information about deferred tax is presented in note 15.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
27. Earnings per share				
Profit attributable to equity holders of the company used for calculating earnings per share and diluted earnings per share	**337 518**	207 537*		
	Cents	Cents	**Cents**	Cents
Basic earnings per ordinary share	**884**	545		
Diluted earnings per share	**884**	545		
	Number of shares	Number of shares	**Number of shares**	Number of shares
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	**38 171 021**	38 060 308		
Adjustments for share options	**5 716**	5 030		
Weighted average number of ordinary shares for calculating diluted earnings per share	**38 176 737**	38 065 338		

* *Restated – refer note 1.*

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares during the year, reduced by ordinary shares purchased and held as treasury shares.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the exercise of share options.

A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the company's shares) to equal the monetary value of the subscription rights attached to the outstanding share options. A higher number of shares that would have been issued assuming the exercise of the share options versus the number of shares issued at the average market price have a dilutive effect on the earnings per share. No adjustment is made where the issue of share options have no dilutive effect on the number of shares in issue.

28. Headline earnings

	Gross R'000	Tax R'000	Net R'000
2013			
Net profit attributable to shareholders			207 537*
Adjusted for:			
(Profit)/loss on sale of property, plant and equipment	(3 284)	525	(2 759)
Profit on sale of interest in associate	(46 566)*	11 578	(34 988)
Profit on disposal of unlisted investments	(2 485)	464	(2 021)
Insurance recovery on damaged assets	(8 909)	2 494	(6 415)
Loss on assets scrapped	1 358	(303)	1 055
Impairment of property, plant and equipment, and intangibles	3 697	(1 036)	2 661
Headline earnings			165 070*
2014			
Net profit attributable to shareholders			**337 518**
Adjusted for:			
Profit on sale of property, plant and equipment	**(5 225)**	**1 244**	**(3 981)**
Insurance recovery on damaged assets	**(8 946)**	**2 505**	**(6 441)**
Loss on assets scrapped	**8 585**	**(2 428)**	**6 157**
Net reversal of impairment of property, plant and equipment, and intangibles	**(153)**	**43**	**(110)**
Adjustment to the provision for capital gains tax on sale of investment in prior year		**(3 403)**	**(3 403)**
Headline earnings			**329 740**

	Group	
	2014 Cents	2013 Cents
Headline earnings per share	**864**	434*
Diluted headline earnings per share	**864**	434*

** Restated – refer note 1.*

29. Dividends

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
The following dividends (net of treasury shares) were declared in respect of the current year's profits:				
Interim dividend (dividend No 26)				
200 cents per share (2013: nil)	**76 121**			
Final dividend (dividend No 27)				
240 cents per share (2013: 222 cents per share) Declared on 12 November 2014 in respect of the year ended 30 September 2014	**92 722**	84 494		
	168 843	84 494		

The current financial statements do not include the final dividend declared in respect of the financial year ended 30 September 2014.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group		Company	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
30. Financial instruments				
The financial instruments are classified as follows:				
Financial assets				
Loans and receivables				
Loans		3 262		60
Trade and other receivables	**826 029**	750 171		
Cash and cash equivalents	**130 531**	93 461	**67 540**	
Available-for-sale	**3 453**	2 086		
	960 013	848 980	**67 540**	60
Financial liabilities				
Other at amortised costs				
Accounts payable	**1 352 787**	1 171 712	**439**	
Shareholders for dividend	**1 674**	1 699	**1 674**	1 699
Bank overdrafts	**98 140**	171 489		16 923
Borrowings	**206 147**	185 396		
	1 658 748	1 530 296	**2 113**	18 622

All financial instruments are initially recognised at fair value, and subsequently measured as follows:

- Loans and receivables – at amortised cost
- Other financial liabilities – at amortised cost
- Available for sale – at fair value

At 30 September 2014 the carrying amounts of loans and receivables and other financial liabilities approximated their fair values.

31. Financial risk management

The group is exposed to the following major financial risks:

Market risk

The risk of changes in market prices will have an effect on the value of financial instruments, and an impact on the group's income.

(i) *Interest rate risk*

The group's interest rate risk is limited to surplus funds on cash deposits, loan liabilities and funds borrowed on bank overdrafts.

Interest is at variable rates which are linked to market related rates such as the bank prime lending and JIBAR rates.

Interest rate risk is managed by the chief financial officer considering the group's net borrowings as well as reviewing forward levels of interest rates from time to time.

Based on the financial instruments as at 30 September 2014, the after tax effect of a 1% movement in the interest rates on the statement of comprehensive income will be R1 430 000 (2013: R2 124 000).

The group's main income and operating cash flows are substantially independent of changes in the market interest rates.

(ii) *Foreign currency risk*

The group enters into transactions from time to time in currencies which are different from the functional currencies in which it conducts its business activities, which results in exposure to foreign exchange rate fluctuations.

Exposure to exchange rate fluctuations is managed by utilising forward exchange contracts and currency option contracts in consultation with the group financial director when management regards it prudent. Forward exchange contracts entered into are related to specific statement of financial position items.

31. Financial risk management (continued)

The following rand value items reported in the financial statements are exposed to foreign exchange rate fluctuations at 30 September:

	British Pound R'000	US Dollar R'000	Total R'000
2014			
Financial assets		**3 455**	**3 455**
Financial liabilities	**(824)**	**(5 964)**	**(6 788)**
	(824)	**(2 509)**	**(3 333)**
2013			
Financial assets		479	479
Financial liabilities	(770)	(35)	(805)
	(770)	444	(326)

A 10% movement in the ZAR against the relevant foreign currencies will result in a R240 000 after tax effect in the profits of the group (2013: R23 000).

There were no open foreign exchange contracts at 30 September 2014 (2013: nil).

(iii) Commodity price risk

The prices of commodities used by the group fluctuate widely and in a competitive market it is not always possible to recover material commodity price increases from broiler customers. This impacts on the group's profitability. The group may suffer financial loss when a fluctuating price contract obligation is entered into and the commodity prices increase or when a fixed price agreement is entered into and commodity prices fall. Commodity price fluctuations are normally caused by factors such as supply conditions, weather, exchange rate fluctuations and other economic conditions which are outside the control of Astral.

These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Decisions on the procurement of raw materials as well as the utilisation of derivative instruments to hedge against these risks are taken by executive management within board-approved mandates. Detailed statements of raw material contracts and hedging positions are prepared and submitted on a monthly basis to the Chief Executive Officer.

(iv) Price risk of broiler products.

Broiler producers have limited influence over prices of broiler products in the retail market. These prices are highly sensitive to the supply and demand balance for broiler products. Imbalances in the supply and demand are caused by a combination of a number factors; the uncontrolled import and dumping of chicken products on to the South African market, production levels and supply from local producers, and the financial strength of the local consumer are the more important factors.

The management of this risk is done by the poultry management team through appropriate production planning, cost control, improvement in efficiencies and reduction of costs through continuous upgrading of processes and equipment and facilities.

Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the group arises on cash and cash equivalents, and trade receivables and is managed on a group basis.

Dealings with counterparties arising from money market and derivative instruments are limited to well-established financial institutions of high credit standing.

The group's main credit risk is concentrated in the aggregate balance of trade receivables. Exposure to trade receivables comprise a large, widespread customer base within each business segment/category. The largest single credit risk amounts to R168 million in the poultry segment.

Collateral is held as security in respect of those trade receivables which are regarded by management as high risk.

Trade receivables are categorised according to the different business segments as the profile of trade receivables differs between the operating segments and credit risks are reviewed separately within these categories.

- Trade receivables from the poultry segment consist mainly of retail and wholesale customers with the balance consist of poultry farmers.
- Trade receivables in the feed segment consist mainly of farming customers with limited exposure to retail customers.
- Trade receivables in the other Africa segment consist of both farmers and retail customers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

31. Financial risk management (continued)

Trade receivables are categorised into the following risk profiles:

- **Low risk:** National customers with a low risk profile
- **General risk:** All other customers not classified as low or high risk
- **High risk:** Customers with solvency and liquidity concerns, and existing customers in arrears as a result of financial difficulties.

Credit risks are controlled by the application of a number of credit controlling procedures, namely:

- credit risk insurance cover;
- customers' credit risks are individually assessed and where necessary additional security is requested from the customer;
- credit limits are set for customers and control procedures are in place to ensure adherence to those limits;
- a requirement that customers should provided updated statements of assets and liabilities;
- annual reassessment of the credit worthiness of customers;
- immediate follow-up on late payments;
- regular visits and communication with customers; and
- no credit terms are granted to customers regarded as high risk as per the internal credit risk assessment.

These practices proved to be successful which is evident from the ageing profile of trade receivables as per note 9. The group does not consider there to be any significant concentration of credit risk that has not been adequately provided for at 30 September 2014.

Details of the carrying amounts of trade receivables, their classifications into different risk profiles, impairments recognised as well as security held are contained in note 9.

Cash at bank represent surplus funds on current bank accounts. These funds are held by financial institutions of high quality and standing with Fitch credit rating for short-term of F1.

The company is not exposed to credit risk apart from surplus funds on current bank account.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The liquidity risks are managed by the chief financial officer on a group level through a combination of the following:

- monitoring of trading stock levels.
- monitoring of outstanding trade receivables.
- monitoring of daily borrowing levels.
- conducting of short- and long-term cash flow forecasts at regular intervals.
- the arrangement of short- and long-term borrowing facilities from financial institutions.

The group's utilisation of general borrowing facilities was well within the maximum limits granted to the group.

The maturity profile of the financial liabilities is analysed below:

The amounts disclosed are undiscounted contractual cash flows.

	Within 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000	Total R'000
Group				
2014				
Borrowings	**64 109**	**180 098**	**5**	**244 212**
Trade and other payables	**1 352 787**			**1 352 787**
Shareholders for dividend	**1 674**			**1 674**
Bank*	**98 140**			**98 140**
	1 516 710	**180 098**	**5**	**1 696 813**
2013				
Borrowings	48 529	233 854	96	282 479
Trade and other payables	1 171 712			1 171 712
Shareholders for dividend	1 699			1 699
Bank*	171 489			171 489
	1 393 429	233 854	96	1 627 379

** Bank facilities are reviewed on an annual basis.*

31. Financial risk management (continued)

The company is an investment holding company and liquidity requirements is funded through dividend income from its subsidiaries.

	Within 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000	Total R'000
Company				
2014				
Shareholders for dividend	**1 674**			**1 674**
	1 674			**1 674**
2013				
Bank*	16 923			16 923
Shareholders for dividend	1 699			1 699
	18 622			18 622

* *Bank facilities are reviewed on an annual basis.*

Capital risk management

The group manages its capital to maintain a sound net debt position and to provide adequate return on capital employed.

The board of directors mandates the long-term capital structure of the group with debt to equity not to exceed a target of 43%.

The group continuously monitors its net debt to equity ratio.

The debt of the group consist mainly of the following:

- Long-term loans by a Zambian subsidiary to fund the expansion of breeding facilities. The subsidiary generates sufficient cash and together from the benefits from the increased capacity the subsidiary is in position to service and repay the loans.
- A long-term loan by a South African subsidiary to finance the construction of a new feed mill in Standerton. The feed mill supplies feed for internal requirements. The benefits from internally supplying feed from this low-cost production unit, will be sufficient to service and repay the loan.

  All the debt covenants required in respect of the loan were met for the financial year.
- The net of bank overdrafts and surplus cash together with cash generated from operating activities is utilised to finance the normal ongoing operating requirements of the group, which includes working capital requirements, capital expenditure and payment of dividends.

Equity comprises all components of equity as disclosed in the statement of financial position.

The net debt to equity ratio as at 30 September was as follows:

	Group 2014 R'000	Group 2013 R'000
Total debt – refer note 14	**304 287**	356 885
Less: Cash and cash equivalents – refer note 10	**(130 531)**	(93 461)
Net debt	**173 756**	263 424
Equity	**1 944 840**	1 727 680
Total capital	**2 118 596**	1 991 104
Net debt to equity ratio (%)	**8,9**	15,2

The company manages its capital structure with dividend income from subsidiaries.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2014

	Group 2014 R'000	Group 2013 R'000
32. Related party transactions		
Group		
The group purchases vitamin and mineral premixes for inclusion in the animal feed production process from an associate. All transactions are affected at arms' length prices.		
Sales of goods and services		
Sales	**7 874**	457
Purchases	**206 357**	228 412
Outstanding balances at year-end		
Receivables	**6 395**	1 897
Trade payables	**25 508**	19 923
Directors' remuneration		
Details of directors' remuneration is given on page 102. Executive directors are eligible for an annual performance related bonus payment linked to appropriate group targets. The structure and payments of bonuses are decided by the Human Resources and Remuneration Committee.		
Details of share options granted to directors are given in the directors' remuneration report.		
Key management		
Employees fulfiling the role of key management are those appointed to the board of directors of the company and the board of directors of the main operating subsidiary, Astral Operations Limited.		
Principal subsidiary undertakings		
Details of subsidiaries are set out in notes 33 to the financial statements.		
Company		
Dividend received from subsidiaries	**198 570**	80 000

Cross guarantees

Cross deed of suretyship in respect of borrowings has been given by Astral Foods Limited, Astral Operations Limited, Meadow Feeds (Eastern Cape) (Pty) Limited and Central Analytical Laboratories (Pty) Limited in respect of borrowings.

33. Interest in subsidiary companies

Details of the principal subsidiary companies of Astral Foods Limited are as follows:

		Issued ordinary capital		Effective percentage holding		Company's interest – equity	
		2014 R'000	2013 R'000	**2014 %**	2013 %	**2014 R'000**	2013 R'000
Unlisted investments							
Directly held:							
Astral Operations Limited	a	**12**	12	**100**	100	**169 350**	168 372
National Chicks Limited	b	**23 720**	23 720	**100**	100	**63 993**	63 993
Africa Feeds Limited (Zambia)^	c	**24**	24	**100**	100	**167**	275
						233 510	232 640
Indirectly held:							
Meadow Eastern Cape (Pty) Limited	c			**100**	100		
Meadow Standerton (Pty) Limited	c			**100**	100		
Meadow Moçambique Limitada*	c	**4 393**	4 393	**80**	80		
National Chicks Swaziland (Pty) Limited#	d	**1**	1	**67**	67		
Mozpintos Limitada*	d	**100**	100	**100**	100		
Progressive Poultry Limited^	d	**10**	10	**100**	100		

The directors' valuation of the investments in subsidiary companies is not less than their respective carrying values.

^ *Incorporated in Zambia.*
* *Incorporated in Mozambique.*
# *Incorporated in Swaziland.*

Nature of business

a – Animal feed and pre-mix production, broiler genetics and broiler breeding production, broiler operations, production and sale of day-old broilers and hatching eggs, retailer of animal health products and analytical services

b – Investment holding

c – Animal feed production

d – Production and sale of day-old broilers and hatching eggs

34. Events subsequent to statement of financial position date

No events took place between year-end and the date of issue of this financial statements that would have a material effect on the financial statements as disclosed.

ANALYSIS OF ORDINARY SHAREHOLDERS

Shareholder spread

	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	2 884	71,16	997 014	2,33
1 001 – 10 000 shares	808	19,94	2 573 439	6,03
10 001 – 100 000 shares	296	7,30	8 828 295	20,66
100 001 – 1 000 000 shares	60	1,48	15 242 854	35,68
1 000 001 shares and above	5	0,12	15 081 083	35,30
Total	**4 053**	**100,00**	**42 722 685**	**100,00**

Distribution of shareholders

	Total shareholding	% of issued capital
Unit trusts/Mutual funds	14 944 359	34,98
Pension funds	13 194 335	30,88
Corporate holding	4 088 577	9,57
Other managed funds	3 899 035	9,13
Retail investor	2 934 413	6,87
Insurance companies	1 044 449	2,44
Custodians	571 997	1,34
Hedge funds	247 833	0,58
Sovereign wealth	222 699	0,52
University	182 774	0,43
Investment trust	66 405	0,16
Exchange-traded fund	39 531	0,09
Foreign government	39 247	0,09
Charity	19 100	0,04
Local authority	14 167	0,03
Remainder	1 213 764	2,85
Total	**42 722 685**	**100,00**

Public and non-public shareholders

	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	5	0,12	4 267 077	9,99
Directors and associates	4	0,10	178 500	0,38
Astral operations	1	0,02	4 088 577	8,70
Public shareholders	4 048	99,75	38 455 608	90,01
Total	**4 053**	**100,00**	**42 722 685**	**100,00**

	Total shareholding	%
Beneficial interest above 3%		
Government Employees Pension Fund (PIC)	6 616 232	15,49
Astral Operations Limited	4 088 577	9,57
Investec Opportunity Fund	1 872 032	4,38
Investment Solutions	1 483 276	3,47
Allan Gray Balanced Fund	1 459 407	3,42
Total	**15 519 524**	**36,33**

Investment management shareholdings

	Total shareholding	%
Investment manager		
Allan Gray Investment Council	7 800 079	18,26
PIC	6 719 617	15,73
Investec Asset Management	4 658 779	10,90
Astral Operations Limited	4 088 577	9,57
Prudential Portfolio Managers	3 839 423	8,99
Sanlam Investment Management	1 669 767	3,91
Total	**28 776 242**	**67,35**

INVESTMENT MANAGEMENT SHAREHOLDING POSITIONS ABOVE 3% WITH 12-MONTH CHANGE

NOTICE OF ANNUAL GENERAL MEETING

Fourteenth annual general meeting

This document is important and requires your immediate attention

If you are in any doubt as to what action to take, please consult your stockbroker, Central Securities Depository Participant (CSDP), banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all your shares in the company please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Notice is hereby given that the fourteenth annual general meeting of members of Astral Foods Limited will be held in the Boardroom, 92 Koranna Avenue, Doringkloof, Centurion on 12 February 2015 at 08:00, to transact the following business: (Salient dates for the meeting are listed on page 163 of this report.)

Ordinary business

Consideration of annual financial statements

Ordinary resolution number 1

To receive and consider the annual financial statements for the company and the group for the year ended 30 September 2014, together with the directors' and auditors' reports.

Re-election of directors

Ordinary resolution number 2

To note that in terms of article 34.4.1 of the company's memorandum of incorporation, T Eloff and M Macdonald retire by rotation at the annual general meeting but, being eligible, have offered themselves for re-election.

It is proposed that any vacancies that occur as a result of the above directors not being available for re-election, will not be filled at the meeting and the normal nomination and selection processes as laid down by the company's Human Resources, Remuneration and Nominations Committee will be followed for the appointment of new directors.

Brief particulars of the qualifications and experience of the above are available on pages 38 to 41 of this report.

Re-appointment of members of the Audit and Risk Management Committee

Ordinary resolution number 3

To appoint by way of individual separate resolution, the following independent non-executive directors as members of the Audit and Risk Management Committee:

M Macdonald	(Independent non-executive director)
IS Fourie	(Independent non-executive director)
T Eloff	(Independent non-executive director)
TM Shabangu	(Independent non-executive director)

The above members will hold office until the next annual general meeting and will perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III report and will perform such other duties and responsibilities as may from time to time be delegated by the board of directors of the company and all subsidiary companies. T Eloff was appointed as Chairman of Astral Foods on 1 June 2014. The board decided that T Eloff would remain a member of the committee until such time as T Shabangu feels comfortable with her role on the committee.

Brief particulars of the qualifications and experience of the above are available on pages 38 to 41 of this report.

Reappointment of members of the Social and Ethics Committee

Ordinary resolution number 4

To appoint by way of individual separate resolution, the following directors/employees as members of the Social and Ethics Committee:

T Eloff	(Independent non-executive director)
GD Arnold	(Executive director)
LW Hansen	(Executive director, Astral Operations Limited)
TP Maumela	(Independent non-executive director)

The above members will hold office until the next annual general meeting and will perform the duties and responsibilities stipulated in regulation 43(5) of the Companies Regulations and will perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

Brief particulars of the qualifications and experience of the above are available on pages 38 to 41 of this report.

Appointment of auditors

Ordinary resolution number 5

To appoint PricewaterhouseCoopers Incorporated, on the recommendation of the current Audit and Risk Management Committee, as independent registered auditor of the company (with DB von Hoesslin as the individual designated auditor) for the 2015 financial year.

Authority for determination of auditors' remuneration

Ordinary resolution number 6

That the authority of the Audit and Risk Management Committee to determine the remuneration of the auditors be confirmed.

Vote on remuneration policy

Ordinary resolution number 7

To endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation.

The company's Remuneration report is set out on pages 58 to 60 of this integrated annual report which contains a summary of the company's remuneration policy.

Signature of documentation

Ordinary resolution number 8

To authorise and empower any one director or the Company Secretary, to do all such things and sign all such documents and take all such actions as they consider necessary to implement the resolutions set out in the notice convening the fourteenth annual general meeting of the company.

Special business

To consider and, if deemed fit, to pass, with or without modification, the following resolutions in the manner required by the Companies Act No 71 of 2008, ("the Act") and subject to the JSE Listings Requirements ("JSE"):

Remuneration payable to non-executive directors

Special resolution number 1

"Resolved to approve that in terms of article 41.1 of the company's memorandum of incorporation, with effect from 1 October 2014 and until the date of the next annual general meeting, the remuneration of the directors who hold office from time to time (other than those in the employ of the company) be determined as follows:

	Fixed fee per annum 2015 R'000	Fixed fee per annum 2014 R'000
Chairman of the board	**563**	530
Member of the board	**225**	212
Chairman of the Audit and Risk Management Committee	**170**	160
Member of the Audit and Risk Management Committee	**89**	84
Chairman of the Human Resources, Remuneration and Nominations Committee	**160**	151
Member of the Human Resources, Remuneration and Nominations Committee	**84**	79
Chairman of the Social and Ethics Committee	**160**	151
Member of the Social and Ethics Committee	**40**	0

Special resolution number 1 is proposed in order to comply with the requirements of the Act and the company's memorandum of incorporation.

The proposed remuneration is considered to be fair and reasonable and in the best interests of the company.

Reason for and effect of special resolution number 1

The reason and effect of special resolution number 1 is to grant the company the authority to pay remuneration to its directors for their services as directors.

Authority to provide financial assistance

Special resolution number 2

"Resolved that in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Companies Act, to any related or inter-related company or corporation as contemplated in section 45(2) of the Companies Act, for such amounts and on such terms and conditions as the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Reasons for and effect of special resolution number 2

The reasons for special resolution number 2 are that the company is a listed holding company with a number of subsidiary companies which together comprise the Astral group of companies. Astral is not an operating company and all operations in the Astral group are conducted by subsidiary companies of Astral.

Astral is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary companies including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Astral seeks approval for the board of the company until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its memorandum of incorporation and the provisions of the Companies Act.

The effect of special resolution number 2 is that the directors of the company will be granted the authority until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries.

Compliance with section 45(3)(b) of the Companies Act

The directors of Astral will, in accordance with section 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, *inter alia*, that immediately after providing the financial assistance, the company satisfies the solvency and liquidity test set out in section 4(1) of the Companies Act.

Voting and proxies

All ordinary resolutions will, in terms of the Companies Act, require the support of more than 50% of the voting rights of members exercised thereon at the annual general meeting to be approved. All special resolutions will require the support of at least 75% of the total voting rights exercised thereon at the annual general meeting to be approved.

On a show of hands a member of the company present in person or by proxy shall have only 1 (one) vote irrespective of the number of shares he/she holds or represents, provided that a proxy shall irrespective of the number of members he represents have only 1 (one) vote. On a poll a member who is present in person or represented by proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.

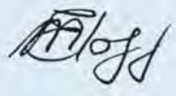
A member entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in place of that member. A proxy need not be a member of the company.

Registered holders of certificated Astral shares and holders of dematerialised Astral shares in their own name and who are unable to attend the annual general meeting and who wish to be represented at the meeting, must complete and return the attached form of proxy in accordance with the instructions contained in the form of proxy, so as to be received by the share registrars, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) by no later than 08:00 on Wednesday, 11 February 2015.

Holders of Astral shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant (CSDP) or broker to enable them to attend and vote at the annual general meeting or to enable their votes in respect of their Astral shares to be cast at the annual general meeting by that nominee or a proxy or a representative. The completion of the form will not preclude the member from subsequently attending the annual general meeting.

The directors have not made any provision for electronic participation at the annual general meeting.

By order of the board



Maryna Eloff

Company Secretary

Pretoria
12 November 2014

ANNUAL GENERAL MEETING – EXPLANATORY NOTES

1. Annual financial statements

At the annual general meeting, the directors must present the annual financial statements for the year ended 30 September 2014 to shareholders, together with the reports of the directors and the auditors. There are contained within the integrated annual report.

2. Re-election of directors

In accordance with the company's memorandum of incorporation, one-third of the non-executive directors are required to retire at each annual general meeting and may offer themselves for re-election. T Eloff and M Macdonald retire from the board in accordance with article 34.4.1 of the company's memorandum of incorporation and offer themselves for re-election.

Brief particulars of the qualifications and experience of the above are available on pages 38 to 41 of this report.

The board of directors of the company has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of the directors listed above. It is the view of the board that the re-election of the candidates referred to above would enable the company to:

- Responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- Comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent non-executive directors on the board.

Accordingly, the board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolution number 2.

3. Election of Audit and Risk Management Committee members

Chapter 3 of the King Report on Governance in South Africa 2009 ("King III") requires the shareholders of a public company to elect the members of an Audit Committee at each annual general meeting. In accordance therewith the Human Resources, Remuneration and Nominations Committee should present shareholders with suitable candidates for election as Audit Committee members.

At a recent meeting of the Human Resources, Remuneration and Nominations Committee the committee satisfied itself that, among others, the independent non-executive directors offering themselves for election as members of the Astral Audit and Risk Management Committee are independent non-executive directors as contemplated in King III and the JSE Listings Requirements, and:

- are suitably qualified and experienced for Audit Committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the company;
- collectively possess skills which are appropriate to the company's size and circumstances, as well as its industry; and
- have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the company; and adequately keep up to date with key developments affecting their required skills set.

For further details regarding the performance of the Audit and Risk Management Committee, please refer to the report of the Audit and Risk Management Committee which appears on pages 98 to 100.

4. Re-appointment of independent auditor

PricewaterhouseCoopers Incorporated has communicated its willingness to continue in office and ordinary resolution number 5 proposes the re-appointment of that firm as the company's external auditor until the next annual general meeting.

The Audit and Risk Management Committee has satisfied itself that PricewaterhouseCoopers Incorporated is independent as contemplated by the South African Independence laws and the applicable rules of the International Federation of Accountants (IFAC) and has, in terms of the JSE Listings Requirements, considered and satisfied itself that PricewaterhouseCoopers Incorporated are accredited to appear on the JSE List of Accredited Auditors.

ANNUAL GENERAL MEETING – EXPLANATORY NOTES (CONTINUED)

5. Determination of auditors' remuneration

In terms of the Audit and Risk Management Committee's charter the committee is responsible for the approval of the terms of engagement and remuneration for the external audit engagement.

6. Vote on remuneration policy

Astral's remuneration report is contained in pages 58 to 60 of this integrated annual report.

Chapter 2 of King III dealing with board and directors requires companies annually to table their remuneration policy to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

Ordinary resolution number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the company's remuneration policy.

7. Signature of documentation

Authority for any one director or the Company Secretary to sign documentation to give effect to all ordinary and special resolutions passed at the annual general meeting.

8. Remuneration payable to non-executive directors

This special resolution number 1 is required to obtain the approval of the company in general meeting of the fees payable to the non-executive directors. Fee increases are only implemented after formal approval by shareholders.

This resolution is recommended by the company's board of directors. Full particulars of all fees for the past year as well as the process followed by the Human Resources, Remuneration and Nominations Committee on recommending board fees are contained on pages 58 to 60 and page 51 of this integrated annual report. At a recent meeting of the board it was confirmed that a 6,25% increase in fees payable to the non-executive chairmen and members of the board and its committees, be proposed to the shareholders.

Astral's Human Resources, Remuneration and Nominations Committee is satisfied that having investigated the payment of non-executive directors' fees, these are relative to the median fees paid to non-executive directors of other similar-sized public listed companies in South Africa.

SHAREHOLDERS' DIARY

Annual general meeting	Thursday, 12 February 2015
Reports and accounts	
Interim report for the six months ending 31 March 2015	May 2015
Announcement of annual results for the year ending 30 September 2015	November 2015
Integrated annual report	December 2015
Dividends	
Ordinary dividend number 27 of 240 cents per share	
Last date to trade cum dividend	Friday, 16 January 2015
Shares commence trading ex-dividend	Monday, 19 January 2015
Record date	Friday, 23 January 2015
Payment of dividend	Monday, 26 January 2015
Interim dividend – March 2015	
Declaration	May 2015
Payment	June 2015
Final dividend – September 2015	
Declaration	November 2015
Payment	January 2016
Important dates and times (notes 1 and 2)	
Record date for determining which shareholders are entitled to receive the annual general meeting notice:	
"Notice Record Date"	Friday, 5 December 2014
Notice posted to shareholders on (note 3)	Wednesday, 17 December 2014
Record date for attending and voting at annual general meeting "Meeting Record Date"	Friday, 6 February 2015
Last day to trade in order to be eligible to participate and vote at the annual general meeting	Friday, 30 January 2015
Last day for shareholders to lodge forms of proxy for the annual general meeting by 08:00	Wednesday, 11 February 2015
Annual general meeting to be held at 08:00	Thursday, 12 February 2015
Results of annual general meeting to be released on SENS	Friday, 13 February 2015

Notes:

1. *All times referred to in this notice are local times in South Africa.*
2. *Any material variation to the above dates and times will be announced on SENS and published in the press.*
3. *The board of directors of Astral has determined that the record date for the purpose of determining which shareholders of the company are entitled to receive notice of the fourteenth annual general meeting is Friday, 5 December 2014 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 6 February 2015. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday, 6 February 2015 will be entitled to participate in and vote at the annual general meeting.*

Shareholders who find the cost of selling their shares exceeds the market value of their shares may wish to consider donating them to charity. An independent non-profit organisation called Strate charity shares has been established to administer this process. The South African revenue service has advised that the value of any shares donated may be deducted from taxable income, as the scheme is registered under section 18a of the Income Tax Act. For further details, queries and/or donations contact the Strate share care toll free help line on 0800 202 363 or +27 11 373 0038 if you are phoning from outside South Africa, or email charityshares@computershare.co.za

NOTES

NOTES (CONTINUED)

FORM OF PROXY

ASTRAL FOODS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1978/003194/06)
(Share code: ARL)
(ISIN: ZAE000029757)

Form of proxy for the use of shareholders, registered as such and who have not dematerialised their shares or hold own name dematerialised shares, at the fourteenth annual general meeting of the company to be held at 92 Koranna Avenue, Doringkloof, Centurion on Thursday, 12 February 2015.

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person. Such shareholders must not return this form of proxy to the transfer secretaries.

I/We ______________________________

of (address) ______________________________

being the registered holder(s) of [ ] shares in the company and unable to attend the annual general meeting of the company to be held on 12 February 2015, do hereby appoint (see note below)

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the meeting with the mandate to speak on my behalf, and to exercise my votes as instructed below, on the proposed resolutions and any amendments thereto that are within the scope of the notice convening the meeting.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit or abstain from voting.

	*In favour	*Against	*Abstain
Ordinary business			
1. To adopt the annual financial statements for the year ended 30 September 2014			
2.1 To re-elect T Eloff as director			
2.2 To re-elect M Macdonald as director			
3.1 To re-elect MM Macdonald as member of the Audit and Risk Management Committee			
3.2 To re-elect T Eloff as member of the Audit and Risk Management Committee			
3.3 To re-elect IS Fourie as member of the Audit and Risk Management Committee			
3.4 To re-elect TM Shabangu as member of the Audit and Risk Management Committee			
4.1 To re-elect T Eloff as member of the Social and Ethics Committee			
4.2 To re-elect GD Arnold as member of the Social and Ethics Committee			
4.3 To re-elect LW Hansen as member of the Social and Ethics Committee			
4.4 To re-elect TP Maumela as member of the Social and Ethics Committee			
5. To re-appoint PricewaterhouseCoopers Inc. as auditors for the 2015 financial year			
6. To confirm the authority of the Audit and Risk Management Committee to determine the remuneration of the auditors			
7. To endorse, through a non-binding advisory note, the company's remuneration policy and its implementation			
8. To authorise any director or the Company Secretary to sign documentation necessary to implement the ordinary and special resolutions passed at the annual general meeting			
Special business			
9. Special resolution number 1 To approve the remuneration payable to non-executive directors			
10. Special resolution number 2 To authorise the directors to approve actions related to transactions amounting to financial assistance			

Signature ______________________________

Signed this ______________ day of ______________ 2015

** Indicate instructions to proxy by way of a cross in the space provided.*

NOTES TO FORM OF PROXY

A shareholder may insert the name or the names of two alternative proxies of his/her choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the company, is entitled to attend, speak and vote on behalf of the shareholder.

A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

This form of proxy must be received by the transfer secretaries, Computershare Investor Services Pty Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) by no later than 08:00 on Wednesday, 11 February 2015.

Documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached hereto unless previously recorded by the company's transfer secretaries.

The completion and lodging of this form of proxy will not preclude a shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this proxy form.

Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

The chairman of the meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes.

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat. This must be done by the cut-off time as requested by the CSDP or broker.

ADMINISTRATION

Astral Foods Limited

(a limited liability company incorporated in the Republic of South Africa)
Registration number 1978/003194/06
Share code: ARL
ISIN: ZAE000029757

Registered office

92 Koranna Avenue
Doringkloof
Centurion
0157

Postal address

Postnet Suite 278
Private Bag X1028
Doringkloof, 0140
Telephone +27 12 667 5468
Telefax +27 12 667 6665
Email: contactus@astralfoods.com

Website address

http://www.astralfoods.com

Auditors

PricewaterhouseCoopers Inc.

Principal banker

Nedbank Limited

Sponsor

JP Morgan Equities South Africa Proprietary Limited
1 Fricker Road, Corner Hurlingham Road
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone +27 11 507 0430

Transfer secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Attorneys

Edward Nathan Sonnenbergs

Company Secretary

MA Eloff

Major subsidiaries

Astral Operations Limited

Registration number 1947/027453/06
Directors: GD Arnold
AB Crocker
T Delport
DD Ferreira
LW Hansen
CE Schutte

Africa Feeds Limited (Zambia)

Registration number 36327
Directors: GD Arnold
TD Banda*
NR Mwanyungwi*
GNH Robinson*
RJ Steenkamp
** Zambian*

Meadow Feeds Eastern Cape Pty Limited

Registration number 2003/021458/07
Directors: GD Arnold
DD Ferreira
CE Schutte
CL Sexton

Meadow Feeds Standerton Pty Limited

Registration number 2003/021462/07
Directors: GD Arnold
DD Ferreira
CE Schutte

Meadow Moçambique Limitada

Registration number 5710/MP/G/2001
Directors: GD Arnold
RJ Steenkamp
JR Tinga*
T Kruger
** Mozambican*

Mozpintos Limitada

Registration number 100228777
Directors: GD Arnold
RJ Steenkamp
T Kruger

National Chicks Swaziland

Registration number 94/63894/07
Directors: GD Arnold
A Geldard
RJ Steenkamp

Progressive Poultry Limited

Registration number 70163
Directors: GD Arnold
TD Banda*
RJ Steenkamp
** Zambian*

www.astralfoods.com