



**Pioneer Food Group Limited** (Incorporated in the Republic of South Africa)  
(Registration number: 1996/017676/06)  
(Share code: PFG) (ISIN code: ZAE000118279) ("Pioneer Foods" or "the Group")

# PIONEER FOOD GROUP LIMITED NOTICE AND PROXY OF ANNUAL GENERAL MEETING AND ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 2011



## SALIENT FEATURES

Revenue	<b>R17 billion</b>	<b>7% ↑</b>
Operating profit (before items of a capital nature)	<b>R1 191 million</b>	<b>58% ↑</b>
Headline earnings	<b>R726 million</b>	<b>207% ↑</b>
Final dividend per listed ordinary share (2010: Nil cents)	<b>40 cents</b>	
<i>After comparative figures were adjusted by R654 million for Competition Commission penalties:</i>		
Adjusted change to operating profit (before items of a capital nature)		<b>15% ↓</b>
Adjusted change to headline earnings		<b>18% ↓</b>

**DIRECTORS:** ZL Combi (Chairman), Dr MI Survé (Vice-chairman), WA Hanekom (Managing)\*, LR Cronjé\*, TA Carstens\*, MM du Toit, GD Eksteen, AE Jacobs, Prof ASM Karaan, NS Mjoli-Mncube, JF Mouton, AH Sangqu (\* Executive)

**COMPANY SECRETARY:** J Jacobs E-mail: [jjacobs3@pioneerfoods.co.za](mailto:jjacobs3@pioneerfoods.co.za)

**REGISTERED ADDRESS:** 32 Market Street, Paarl, 7646, PO Box 20, Huguenot, 7645, South Africa  
Tel: 021 807 5100 Fax: 021 807 5280 E-mail: [info@pioneerfoods.co.za](mailto:info@pioneerfoods.co.za)

**TRANSFER SECRETARIES:** Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown, 2107, South Africa Tel: 011 370 5000 Fax: 011 688 5209

**SPONSOR:** PSG Capital (Pty) Limited, PO Box 7403, Stellenbosch, 7599, South Africa  
Tel: 021 887 9602 Fax: 021 887 9624

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**15 December 2011**

Dear Shareholder

**NOTICE OF ANNUAL GENERAL MEETING AND PROXY**

Attached please find a detailed notice of the Pioneer Food Group Limited Annual General Meeting to be held on Friday, 17 February 2012, at Lemoenkloof Guest House, Paarl.

We have also included the following:

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

A circular containing a separate notice and proxy convening a General Meeting relating to the recently announced Pioneer Food Group Limited Broad-Based Black Economic Empowerment transaction, will be posted to shareholders in due course ("the circular"). It is anticipated that the General Meeting will be held immediately after the Annual General Meeting on Friday, 17 February 2012. Kindly note that the notice and proxy attached to the circular will not replace this notice of Annual General Meeting but will be in addition hereto.

A copy of the Memorandum of Incorporation is available for inspection at the offices of Pioneer Food Group Limited at 32 Market Street, Paarl, 7646, or at PSG Capital, Ground Floor, DM Kisch House, Inanda Greens Business Park, 54 Wierda Road West, Wierda Valley, Sandton, 2196.

Printed copies of Pioneer Food Group's full integrated annual report will only be mailed to shareholders on request as part of our attempt to support environmental initiatives. However, the full report is available for download from our website at [www.pioneerfoods.co.za](http://www.pioneerfoods.co.za).

Therefore, should you require a printed copy of the integrated annual report, please contact Lynn van Niekerk at [lvanniek@pioneerfoods.co.za](mailto:lvanniek@pioneerfoods.co.za) to request a copy.

We hope that you will support us in this initiative to do our part in saving our environment.

Yours sincerely

**Jay-Ann Jacobs**  
*Company Secretary*

## **NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 30 SEPTEMBER 2011**

Notice is hereby given to all shareholders recorded in the share register of Pioneer Food Group Limited ("Pioneer Foods" or "the Group") as at Thursday, 15 December 2011, that the fourteenth Annual General Meeting of Pioneer Foods will be held on Friday, 17 February 2012, at 09:00 at Lemoenkloof Guest House, 396a Main Street, Paarl, 7646 to transact the following business:

### **ORDINARY RESOLUTIONS**

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

#### **1. ORDINARY RESOLUTION NUMBER 1**

To receive, consider and approve the consolidated annual financial statements of the Group for the year ending 30 September 2011.

*Reason for Ordinary Resolution Number 1*

*The reason for Ordinary Resolution Number 1 is that the articles of association\* of the Group requires that the annual financial statements of the Group be considered and approved by shareholders every year at the Group's Annual General Meeting.*

#### **2. ORDINARY RESOLUTION NUMBER 2**

To confirm the reappointment of PricewaterhouseCoopers Inc as auditor of the Group for the ensuing year on the recommendation of the Audit and Risk Committee and to confirm their remuneration for the past year's audit. Mr Richard Jacobs (accredited on the JSE list of Auditors and registered in accordance with the Auditing Professions Act) is hereby confirmed as lead auditor as from February 2012.

*Reason for Ordinary Resolution Number 2*

*The reason for Ordinary Resolution Number 2 is that the Group, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the Annual General Meeting of the Group as required by the Companies Act. The articles of association of the Group also require that the remuneration of the auditor be considered at the Annual General Meeting.*

#### **3. ORDINARY RESOLUTION NUMBER 3**

"Resolved that the unissued shares in the Group, limited to 5% of the shares in issue as at 30 September 2011, be and are hereby placed under the control of the directors until the next Annual General Meeting and that they be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act 71 of 2008 ("the Companies Act"), the articles of association of the Group, and the provisions of the Listings Requirements of the JSE Limited ("JSE"), save that the aforementioned 5% limitation shall not apply to any shares issued in terms of a rights offer."

*Reason for Ordinary Resolution Number 3*

*The reason for Ordinary Resolution Number 3 is that the board requires authority from shareholders in terms of its articles of association to issue shares in the Group. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, inter alia, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio. This general authority is*

\* For the avoidance of doubt, in terms of the new Companies Act 71 of 2008, the memorandum and articles of association of the Group are referred to as the memorandum of incorporation, but for the sake of simplicity and for purposes of this notice are referred to as the articles of association.

*subject to the restriction that it is limited to 5% of the number of shares in issue as at 30 September 2011 on the terms more fully set out in Ordinary Resolution Number 3 and subject to the further restrictions set out in Ordinary Resolution Number 4 below.*

#### **4. ORDINARY RESOLUTION NUMBER 4**

“Resolved that the directors of the Group be and are hereby authorised by way of a general authority, to allot and issue any of the unissued shares, placed under their control for cash, as they in their discretion may deem fit, without restriction, subject to the Companies Act, the articles of association of the Group and the provisions of the Listings Requirements of the JSE, and subject to the proviso that the aggregate number of shares that may be allotted and issued in terms of this resolution is limited to 5% of the shares in issue as at 30 September 2011, provided that:

- the approval shall be valid until the date of the next Annual General Meeting of the Group, provided it shall not extend beyond 15 months from the date of this resolution;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the general issues of shares for cash in the aggregate in any one financial year may not exceed 5% of the Group’s issued share capital (number of securities) of that class. The securities of a particular class will be aggregated with the securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the Group’s securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue.”

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

#### *Reason for Ordinary Resolution Number 4*

*For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of their articles of association contemplated in Ordinary Resolution Number 3 above but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements of the JSE. The reason for this Ordinary Resolution Number 4 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE.*

## **5. ORDINARY RESOLUTION NUMBERS 5 – 7**

To elect directors. The following directors have been duly nominated and are available for election (and re-election in the case of Mr Andile Hesperus Sangqu, who retires by rotation in terms of the Group's articles of association and is eligible for re-election).\*

### **5.1 ORDINARY RESOLUTION NUMBER 5**

**APPOINTMENT OF DIRECTOR:** Andile Hesperus Sangqu

### **5.2 ORDINARY RESOLUTION NUMBER 6**

**APPOINTMENT OF DIRECTOR:** Lambert Phillips Retief\*

### **5.3 ORDINARY RESOLUTION NUMBER 7**

**APPOINTMENT OF DIRECTOR:** Gerrit Pretorius\*

## **6. ORDINARY RESOLUTION NUMBER 8**

**APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE**

Pending the result of Ordinary Resolution Number 5:

“Resolved that Mr Andile Hesperus Sangqu, being eligible and availing himself for re-election, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Group, as recommended by the Board of Directors of the Group until the next Annual General Meeting of the Group to be held in 2013.”

## **7. ORDINARY RESOLUTION NUMBER 9**

**APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE**

“Resolved that Prof Abdus Salam Mohammad Karaan, being eligible and availing himself for re-election, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Group, as recommended by the Board of Directors of the Group, until the next Annual General Meeting of the Group to be held in 2013.”

## **8. ORDINARY RESOLUTION NUMBER 10**

**APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE**

“Resolved that Ms Nonhlanhla Sylvia Mjoli-Mncube, being eligible and availing herself for re-election, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Group, as recommended by the Board of Directors of the Group, until the next Annual General Meeting of the Group to be held in 2013.”

## **9. ORDINARY RESOLUTION NUMBER 11**

**APPOINTMENT OF MEMBER OF THE AUDIT AND RISK COMMITTEE**

“Resolved that Mr Antonie Egbert Jacobs, being eligible and availing himself for re-election, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Group, as recommended by the Board of Directors of the Group, until the next Annual General Meeting of the Group to be held in 2013.”

*Explanatory note to Ordinary Resolution Numbers 8 – 11 (inclusive)*

*In terms of the provisions of section 94(2) of the Companies Act, a company shall at every Annual General Meeting elect an Audit and Risk Committee comprising of at least three members. A brief CV of each of the independent non-executive directors proposed to be appointed to the Audit and Risk Committee appears in annexure 3. As is evident from the CVs of these directors, all of them have academic qualifications or experience in one or more of the following areas, i.e. economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources.*

\* Mr Lambert Phillips Retief and Mr Gerrit Pretorius were duly nominated via the nomination process to serve on the Board. Mr JF Mouton, Mr GD Eksteen and Dr I Survé retire at the Annual General Meeting by rotation and are not available for re-election.

## 10. ORDINARY RESOLUTION NUMBER 12

### ENDORSEMENT OF PIONEER FOODS' REMUNERATION POLICY

"Resolved that shareholders endorse by way of a non-binding advisory vote, the Group's remuneration policy as set out in annexure 5 to the notice."

*Reason for Ordinary Resolution Number 12*

*The reason for Ordinary Resolution Number 12 is that King III recommends that the remuneration policy of the Group be endorsed through a non-binding advisory vote by shareholders.*

## SPECIAL RESOLUTIONS

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

### 11. SPECIAL RESOLUTION NUMBER 1

#### APPROVAL OF DIRECTORS' REMUNERATION

Resolved that directors' fees for services rendered as directors as from 1 October 2011 until the end of March 2013 be determined on the following basis:

	Fees for the year ended 30 September 2011 Rand	Fees for the year ended 30 September 2012 Rand	Fees for 6 months until 31 March 2013 Rand
Chairman	437,500	550,000	275,000
Human Capital / Audit & Risk Committee Chairman	250,000	312,500	156,250
Nomination Committee Chairman	250,000	250,000	125,000
Committee Member	187,500	225,000	112,500
Board Member	140,000	170,000	85,000

*Reason for and effect of Special Resolution Number 1*

*The reason for Special Resolution Number 1 is to approve the remuneration payable by the Group to its directors for their services as directors of the Group for the period as from 1 October 2011 until the end of March 2013. The effect of Special Resolution Number 1 is that the Group will be able to pay its directors for the services they render to the Group as directors without requiring further shareholder approval until the next Annual General Meeting of the Group.*

### 12. SPECIAL RESOLUTION NUMBER 2

#### GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES

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

The main purpose for this authority is to grant the Board of Directors the authority to authorise the Group to provide inter-group loans and other financial assistance for purposes of funding the activities of the Group.

The Board undertakes that –

it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –

- immediately after providing the financial assistance, the Group would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Group; and

written notice of any such resolution by the Board shall be given to all shareholders of the Group and any trade union representing its employees –

- within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous financial assistance during the financial year, exceeds 0.1% of the Group's net worth at the time of the resolution; or
- within 30 business days after the end of the financial year, in any other case.

*Reason for and effect of Special Resolution Number 2*

*The reason for and the effect of Special Resolution Number 2 is to provide a general authority to the Board of Directors of the Group for the Group to grant direct or indirect financial assistance to any company forming part of the Group, including in the form of loans or the guaranteeing of their debts.*

### **13. SPECIAL RESOLUTION NUMBER 3**

#### **ADOPTION OF NEW MEMORANDUM OF INCORPORATION**

“Resolved that, in terms of section 16(1)(c)(ii) of the Companies Act, and Item 4(2) of Schedule 5 to the Companies Act, the existing memorandum and articles of association of the Group be and are hereby amended and substituted in its entirety by the new memorandum of incorporation signed by the Chairperson of the Annual General Meeting on the first page thereof for identification purposes, with effect from the date of filing of the required notice of amendment with the Companies and Intellectual Property Commission.”

*Reason for and effect of Special Resolution Number 3*

*Special Resolution Number 3 is proposed in order to adopt a new memorandum of incorporation in substitution for the existing memorandum and articles of association of the Group which contains provisions which are in conflict with the provisions of the Companies Act, but which conflicting provisions generally override the provisions of the Companies Act, which became effective on 1 May 2011, for a period of two years after the effective date of the Companies Act, in order to bring the Group's constitutional documents in harmony with the provisions of the Companies Act. In terms of Item 4(2) of Schedule 5 to the Companies Act, a Company that existed prior to the effective date of the Companies Act may at any time within two years immediately following the effective date file, without charge, an amendment to its memorandum and articles of association to bring it in harmony with the Companies Act.*

Copies of the new memorandum of incorporation will be available for inspection by any person who has a beneficial interest in any securities of the Group at the registered office of the Group at 32 Market Street, Paarl, 7646 and at PSG Capital, Ground Floor, DM Kisch House, Inanda Greens Business Park, 54 Wierda Road West, Wierda Valley, Sandton, 2196, during normal office hours from the date of issue of this notice of Annual General Meeting up to and including the date of the Annual General Meeting or any adjourned meeting.

#### **RECORD DATES**

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Group in order to receive notice of the Annual General Meeting is Thursday, 15 December 2011.

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Group in order to be able to attend, participate and vote at the Annual General Meeting is **Friday, 10 February 2012**, and the last day to trade in the Group's shares in order to be recorded on the securities register of the Group in order to be able to attend, participate and vote at the Annual General Meeting is **Friday, 3 February 2012**.

### **APPROVALS REQUIRED FOR RESOLUTIONS**

Ordinary Resolution Numbers 1 to 3 and 5 to 12 contained in this notice of Annual General Meeting require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the articles of association of the Group and the Listings Requirements of the JSE.

Special Resolution Numbers 1 to 3 and Ordinary Resolution Number 4 contained in this Notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, subject to the provisions of the Companies Act, the articles of association of the Group and the Listings Requirements of the JSE.

### **ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES**

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the Group. Proxy forms must be lodged with the transfer secretaries of the Group, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than **Thursday, 16 February 2012, at 09:00** (South African time).

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

On a show of hands, every shareholder of the Group present in person or represented by proxy shall have one vote only. On a poll, every shareholder shall be entitled to that proportion of the total votes in the Group which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the Group.

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

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

### **PROOF OF IDENTIFICATION REQUIRED**

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

By order of the Board

**J Jacobs (Company Secretary)**

21 December 2011

## ANNEXURE 1

### PIONEER FOOD GROUP LIMITED

Audited abridged annual financial statements for the year ended 30 September 2011

#### GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended 30 September 2011 R'm	Audited Year ended 30 September 2010 R'm
Revenue	16 853.1	15 731.3
Cost of goods sold	(11 804.1)	(10 720.4)
Gross profit	5 049.0	5 010.9
Other income and gains/(losses) – net	291.7	261.4
Other expenses	(4 149.4)	(4 519.3)
Excluding Competition Commission penalties	(4 149.4)	(3 865.1)
Competition Commission penalties	–	(654.2)
Items of a capital nature	(0.8)	(10.3)
Operating profit	1 190.5	742.7
Investment income	19.2	33.4
Finance costs	(160.0)	(156.6)
Share of profit of associated companies	0.3	0.1
Profit before income tax	1 050.0	619.6
Income tax expense	(319.9)	(383.9)
<b>Profit for the year</b>	<b>730.1</b>	<b>235.7</b>
<b>Other comprehensive income for the year</b>	<b>63.8</b>	<b>17.6</b>
Fair value adjustments to cash flow hedging reserve	36.7	31.5
For the year	118.6	(44.1)
Current income tax effect	(40.2)	4.6
Deferred income tax effect	7.0	7.7
Reclassified to profit or loss	(67.6)	87.9
Current income tax effect	36.2	(9.8)
Deferred income tax effect	(17.3)	(14.8)
Net fair value adjustments on available-for-sale financial assets	1.9	3.3
For the year	3.9	5.8
Deferred income tax effect	(0.3)	(0.7)
Reclassified to profit or loss	(1.7)	(1.8)
Movement on foreign currency translation reserve	25.2	(17.2)
<b>Total comprehensive income for the year</b>	<b>793.9</b>	<b>253.3</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent	728.8	234.5
Non-controlling interest	1.3	1.2
	<b>730.1</b>	<b>235.7</b>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the parent	792.6	252.1
Non-controlling interest	1.3	1.2
	<b>793.9</b>	<b>253.3</b>

## HEADLINE EARNINGS RECONCILIATION

	Audited Year ended 30 September 2011 R'm	Audited Year ended 30 September 2010 R'm
<b>Reconciliation between profit attributable to owners of the parent and headline earnings</b>		
Profit attributable to owners of the parent	<b>728.8</b>	234.5
Remeasurement of items of a capital nature	<b>0.8</b>	10.3
Net profit on disposal of property, plant, equipment and intangible assets	<b>(5.4)</b>	(11.8)
Net profit on disposal of available-for-sale financial assets and subsidiaries	<b>(1.7)</b>	(2.1)
Impairment of property, plant, equipment and intangible assets	<b>7.9</b>	24.2
Tax effect on remeasurement of items of a capital nature	<b>(3.4)</b>	(8.4)
Headline earnings	<b>726.2</b>	236.4
Competition Commission penalties	–	654.2
<b>Adjusted headline earnings</b>	<b>726.2</b>	<b>890.6</b>
Number of issued ordinary shares (million)	<b>201.2</b>	201.2
Number of issued treasury shares:		
– held by subsidiary (million)	<b>18.0</b>	18.0
– held by share incentive trust (million)	<b>3.9</b>	5.1
Number of issued class A ordinary shares (million)	<b>9.3</b>	10.4
Weighted average number of ordinary shares (million)	<b>178.4</b>	177.0
Earnings per ordinary share (cents):		
– basic	<b>408.4</b>	132.5
– diluted	<b>399.7</b>	130.2
– headline	<b>407.0</b>	133.5
– adjusted headline	<b>407.0</b>	503.0
– diluted headline	<b>398.3</b>	131.2
Dividend per ordinary share (cents)	<b>80.0</b>	–
Dividend per class A ordinary share (cents)	<b>24.0</b>	–
Net asset value per ordinary share (cents)	<b>3 059.7</b>	2 667.9
Debt to equity ratio (%)	<b>13.8</b>	8.5

## GROUP STATEMENT OF FINANCIAL POSITION

	Audited 30 September 2011 R'm	Audited 30 September 2010 R'm
<b>Assets</b>		
Property, plant and equipment	4 192.3	3 565.0
Goodwill	265.1	221.1
Other intangible assets	467.4	468.4
Biological assets	16.8	16.8
Investments in associates and loans to joint ventures	29.9	35.2
Available-for-sale financial assets	43.6	39.1
Trade and other receivables	20.0	16.9
Deferred income tax	2.6	2.7
Non-current assets	5 037.7	4 365.2
Current assets	4 825.3	4 512.1
Inventories	2 313.4	1 936.6
Biological assets	210.1	187.6
Derivative financial instruments	14.1	5.2
Trade and other receivables	1 836.1	1 669.3
Current income tax	11.2	3.5
Cash and cash equivalents	440.4	709.9
<b>Total assets</b>	<b>9 863.0</b>	<b>8 877.3</b>
<b>Equity and liabilities</b>		
Capital and reserves attributable to owners of the parent	5 488.3	4 751.4
Share capital	20.1	20.1
Share premium	1 186.7	1 210.6
Treasury shares	(220.3)	(232.1)
Other reserves	115.2	28.3
Retained earnings	4 386.6	3 724.5
Non-controlling interest	7.5	6.5
Total equity	5 495.8	4 757.9
Non-current liabilities	1 891.0	2 074.0
Borrowings	849.0	946.2
Provisions for other liabilities and charges	113.3	109.1
Accrual for Competition Commission penalties	202.1	391.8
Share-based payment liability	146.0	102.2
Derivative financial instruments	-	5.6
Deferred income tax	580.6	519.1
Current liabilities	2 476.2	2 045.4
Trade and other payables	1 871.5	1 732.6
Current income tax	22.1	8.4
Derivative financial instruments	10.4	57.4
Borrowings	348.4	169.5
Loan from joint venture	7.9	10.3
Accrual for Competition Commission penalties	215.5	66.7
Dividends payable	0.4	0.5
<b>Total equity and liabilities</b>	<b>9 863.0</b>	<b>8 877.3</b>

## GROUP STATEMENT OF CHANGES IN EQUITY

	Audited Year ended 30 September 2011 R'm	Audited Year ended 30 September 2010 R'm
<b>Share capital, share premium and treasury shares</b>	<b>986.5</b>	<b>998.6</b>
Opening balance	986.5	989.5
Movement in treasury shares	11.8	14.4
Ordinary shares issued – share appreciation rights	2.6	0.3
Employee share scheme – repurchase of shares	(26.5)	(5.6)
<b>Other reserves</b>	<b>115.2</b>	<b>28.3</b>
Opening balance	28.3	(7.0)
Transfers from/(to) retained earnings	0.4	(0.4)
Equity compensation reserve transactions	15.0	13.2
Ordinary shares issued – share appreciation rights	(2.6)	(0.3)
Deferred income tax on share-based payments	10.3	5.2
Other comprehensive income for the year	63.8	17.6
<b>Retained earnings</b>	<b>4 386.6</b>	<b>3 724.5</b>
Opening balance	3 724.5	3 645.5
Profit for the year	728.8	234.5
Dividends paid	(71.6)	(157.9)
Transfers (to)/from other reserves	(0.4)	0.4
Management share incentive scheme – disposal of shares	5.4	2.1
Employee share scheme – transfer tax on share transactions	(0.1)	(0.1)
<b>Non-controlling interest</b>	<b>7.5</b>	<b>6.5</b>
Opening balance	6.5	5.8
Dividend paid	(0.3)	(0.5)
Profit for the year	1.3	1.2
<b>Total equity</b>	<b>5 495.8</b>	<b>4 757.9</b>

## GROUP STATEMENT OF CASH FLOWS

	Audited Year ended 30 September 2011 R'm	Audited Year ended 30 September 2010 R'm
Net cash profit from operating activities	1 563.3	1 609.9
Excluding Competition Commission penalties paid	1 563.3	1 805.6
Competition Commission penalties paid	–	(195.7)
Cash effect from hedging activities	14.2	18.7
Working capital changes	(446.8)	95.1
Accrual for Competition Commission penalties paid	(66.7)	–
Net cash generated from operations	1 064.0	1 723.7
Income tax paid	(261.5)	(353.0)
<b>Net cash flow from operating activities</b>	<b>802.5</b>	<b>1 370.7</b>
<b>Net cash flow from investment activities</b>	<b>(933.4)</b>	<b>(805.3)</b>
Property, plant, equipment and intangible assets		
– additions and replacements	(814.6)	(751.0)
– proceeds on disposal	33.7	41.6
Business combinations	(171.2)	(144.7)
Proceeds on disposal of and changes in available-for-sale financial assets and loans	(3.6)	11.8
Disposal of subsidiaries	–	3.6
Interest received	18.1	31.4
Dividends received	1.1	2.0
Dividends received from associates	3.1	–
<b>Net cash flow from financing activities</b>	<b>(232.3)</b>	<b>(448.6)</b>
Repayments of borrowings	(11.9)	(137.6)
Treasury shares – share incentive trust	11.8	14.4
Share schemes transactions	(20.9)	(4.8)
Interest paid	(139.6)	(163.0)
Dividends paid	(71.7)	(157.6)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(363.2)	116.8
Net cash, cash equivalents and bank overdrafts at beginning of the year	708.9	592.1
<b>Net cash, cash equivalents and bank overdrafts at end of the year</b>	<b>345.7</b>	<b>708.9</b>

## GROUP SEGMENT REPORT

	Audited Year ended 30 September 2011 R'm	Audited Year ended 30 September 2010 R'm
<b>Segment revenue</b>		
Sasko	9 054.6	8 314.1
Agri Business	2 714.6	2 453.2
Bokomo Foods	2 760.3	2 683.2
Ceres Beverages	2 577.4	2 483.7
	<b>17 106.9</b>	15 934.2
Less: Internal revenue	(253.8)	(202.9)
Total	<b>16 853.1</b>	15 731.3
<b>Segment results (operating profit before items of a capital nature)</b>		
Sasko	857.5	327.5
Excluding Competition Commission penalties	857.5	981.7
Competition Commission penalties	–	(654.2)
Agri Business	109.2	136.9
Bokomo Foods	216.4	230.7
Ceres Beverages	132.0	165.2
Unallocated	(123.8)	(107.3)
Total	<b>1 191.3</b>	753.0
Excluding Competition Commission penalties	<b>1 191.3</b>	1 407.2
Competition Commission penalties	–	(654.2)
<b>Reconciliation of operating profit (before items of a capital nature) to profit before income tax</b>		
Operating profit before items of a capital nature	<b>1 191.3</b>	753.0
Adjusted for:		
Items of a capital nature	(0.8)	(10.3)
Interest income	18.1	31.4
Dividends received	1.1	2.0
Finance costs	(160.0)	(156.6)
Share of profit of associated companies	0.3	0.1
Profit before income tax	<b>1 050.0</b>	619.6

## NOTES TO THE ABRIDGED ANNUAL FINANCIAL STATEMENTS

### 1. Basis of preparation

These abridged annual financial statements are derived from the audited annual financial statements of the Group for the year ended 30 September 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Listings Requirements of the JSE Limited, the Companies Act of South Africa, Act 61 of 1973, and the Companies Act of South Africa, Act 71 of 2008. The abridged annual financial statements comply with the requirements of IAS 34 – *Interim Financial Reporting*.

### 2. Accounting policies

These abridged annual financial statements incorporate accounting policies that are consistent with those applied in the Group's annual financial statements for the year ended 30 September 2011 and with those of previous financial years, except for the adoption of the following interpretations and amendments to published standards that became effective for the current reporting period beginning on 1 October 2010:

*Amendment to IFRS 1 – First-time Adoption of International Financial Reporting Standards*

*Amendment to IFRS 2 – Share-based Payments*

*Amendment to IAS 32 – Classification of Rights Issues*

*Improvements to IFRSs 2009 and 2010*

*IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments*

The adoption of these amendments to standards and interpretations did not have any material impact on the Group's results and cash flows for the year ended 30 September 2011 and the financial position at 30 September 2011.

	Audited Year ended 30 September 2011	Audited Year ended 30 September 2010
<b>3. Share capital</b>		
During the year under review the following share transactions occurred:		
Number of listed issued and fully paid ordinary shares		
At beginning of year	201 191 970	201 183 898
Shares issued in terms of employee share appreciation rights scheme	44 959	8 072
<b>At end of year</b>	<b>201 236 929</b>	<b>201 191 970</b>
44,959 (2010: 8,072) listed ordinary shares of 10 cents each were issued at an average of R58.06 (2010: R42.58) per share		
Number of treasury shares held by the share incentive trust		
At beginning of year	5 111 905	6 758 105
Movement in shares	(1 230 504)	(1 646 200)
<b>At end of year</b>	<b>3 881 401</b>	<b>5 111 905</b>
Proceeds on the sale of treasury shares by the share incentive trust (R'000)	<b>18 661</b>	18 061
Number of treasury shares held by a subsidiary		
<b>At beginning and at end of year</b>	<b>17 982 056</b>	17 982 056
Number of unlisted class A ordinary shares		
At beginning of year	10 408 650	11 397 190
Shares bought back and cancelled	(1 114 120)	(988 540)
<b>At end of year</b>	<b>9 294 530</b>	<b>10 408 650</b>
Purchase consideration paid for unlisted class A ordinary shares bought back (R'000)	<b>26 526</b>	5 497

### 4. Borrowings

Ceres Fruit Juices (Pty) Limited, a Group subsidiary, entered into a new borrowings agreement amounting to R120 million. No other material new borrowings were concluded during the year under review. Other changes in borrowings mainly reflect repayments made in terms of agreements. Short-term borrowings fluctuate in accordance with changing working capital needs.

## 5. Impairment

The Group re-assessed and impaired the carrying values of the underlying assets of the Heinz chilled business (Spartan) and the KwaZulu-Natal dilutables business and in 2010 of the Werda, Hooch and Kwality businesses with after-tax amounts of R4,096,910 (2010: R17,421,898). These impairment losses, with the exception of the calculations for the KwaZulu-Natal dilutables business and the Kwality business in 2010, were calculated by comparing the carrying amount of the cash-generating unit (CGU) to the value-in-use of these CGUs. The calculations for the KwaZulu-Natal dilutables business and the Kwality business were done by comparing the carrying value of the CGUs to their fair value less cost to sell.

The Group also re-assessed and impaired the carrying values of goodwill and intangible assets of the Heinz chilled business (Spartan) with an amount of R2,168,155. This impairment loss was calculated by comparing the carrying amount of the CGU to the value-in-use of this CGU. No impairment losses on goodwill and intangible assets were recognised in 2010.

## 6. Events after the reporting date

### 6.1 Dividend

The board approved a final dividend of 40.0 cents per ordinary share. This will approximately amount to R80,494,772, depending on the exact amount of ordinary shares issued at the record date.

This is in addition to the interim dividend of 40.0 cents per ordinary share that amounted to R80,487,571.

### 6.2 Proposed B-BBEE transaction

Shareholders are referred to the cautionary announcement published on 4 August 2011 and an update on this matter on 19 September 2011.

The Group concluded a B-BBEE transaction with its employees in 2006 which effectively equated to 10% black ownership of the Group at the time. Pioneer Foods now proposes to increase and broaden the black ownership of the Group to include a broad-based Educational and Community Trust, strategic B-BBEE partners and black members of the board of the Group ("proposed B-BBEE transaction").

The proposed B-BBEE transaction will be implemented by way of vendor and third party finance, pursuant to which the B-BBEE shareholders will acquire a direct equity interest in the Group of approximately 13.5% at market related values. Third party BEE parties will be issued 8.5% and a broad-based Educational and Community Trust approximately 5%. Finalisation of funding is at an advanced stage.

Following the implementation of the proposed B-BBEE transaction, the Group will have an effective black ownership of about 18% (including the initial Pioneer Foods employees' scheme) as measured in terms of the DTI Codes of Good Practice on Broad Based Black Economic Empowerment.

The proposed B-BBEE transaction will be subject to various conditions including shareholder approval. Further details including salient dates and the pro forma financial effects will be announced in due course, once finalised.

### 6.3 Other material events

There have been no other material events requiring disclosure after the reporting date and up to the date of approval of the annual financial statements by the board.

## 7. Business combinations

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

	<b>Audited Year ended 30 September 2011</b>
Purchase considerations – settled in cash (R'm)	
Mynsar poultry farm (on 1 November 2010)	<b>34.9</b>
Tonko abattoir (on 1 February 2011)	<b>136.3</b>
	<b>171.2</b>
<b>The combined assets and liabilities acquired of these businesses can be summarised as follows:</b>	
Fair value (R'm)	
Property, plant and equipment	<b>121.8</b>
Goodwill	<b>41.2</b>
Inventories	<b>3.0</b>
Current biological assets	<b>8.9</b>
Trade and other payables	<b>(0.6)</b>
Deferred income tax	<b>(3.1)</b>
Purchase consideration – settled in cash	<b>171.2</b>

<b>Carrying value</b>	
As the Group acquired the assets and liabilities of these businesses rather than the shares of the legal entities that previously owned such assets and liabilities, it is impractical to disclose the carrying amounts in the accounting records of the previous owners prior to these acquisitions. In these circumstances the Group does not have access to such carrying values.	
<b>The combined contribution of these businesses since acquisition (R'm):</b>	
Revenue	<b>141.5</b>
Operating loss before finance cost and income tax	<b>9.0</b>
<b>The combined pro forma contribution of these businesses assuming the acquisitions were at the beginning of the year (R'm):</b>	
Revenue	<b>212.3</b>
Operating loss before finance cost and income tax	<b>14.1</b>

## 8. Contingent liabilities

### 8.1 Land claims

Regional Land Claim Commissioners acknowledged claims against the land of a Group company in terms of the provisions of sections 2 and 11 of the Restitution of Land Rights Act of 1994 (as amended), during 2007.

The valuations of the Commissioners were accepted for the two farms involved and negotiations with the Commissioners regarding the proposed sale for R10.5 million are ongoing. The impact of discontinuing production at these two units is immaterial.

It is not anticipated that any material transactions will arise from these land claims.

### 8.2 Dispute with egg contract producers

As previously reported six contract egg producers are proceeding with their claims in the Western Cape High Court: Cape Town.

Pioneer Foods filed pleas to all these claims and in four of these claims counter claims have been filed to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producers.

All six these matters have been set down for trial in the Cape High Court from Monday the 5th of March 2012. The court will in all likelihood not hear all six matters simultaneously, but will direct a specific order in which the matters are to be heard.

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

### 8.3 Dispute with broiler farms and breeder farms

Several breeder farms and broiler farms (five in total) have also now filed claims against Pioneer Foods for the alleged breach of the terms of their supply agreements with Pioneer Foods.

Only letters of demand have been received thus far and these claims should eventually be finalised by means of arbitration. Although a date for the arbitration has not yet been finalised the arbitration will in all likelihood take place in the latter part of 2012.

Based on legal advice regarding the merits of this claim and at this early stage of the proceedings, management is convinced that the Group will not incur any material liability in respect of these matters.

### 8.4 Guarantees

The Group issued guarantees of R75.9 million (2010: R106.7 million) at year-end, primarily for loans by third parties to contracted suppliers.

## 9. Future capital commitments

Capital expenditure approved by the board and contracted for amounts to R608.0 million (2010: R627.4 million). Capital expenditure approved by the board, but not contracted for yet, amounts to R163.9 million for 2012 (2010: R324.7 million and R349.7 million for 2011 and 2012 respectively). Capital commitments of joint ventures amount to R29.2 million (2010: R47.9 million).

## 10. Preparation of financial statements

These annual financial statements have been prepared under the supervision of LR Cronjé, CA(SA), group financial director.

## 11. Audit report

The external auditors, PricewaterhouseCoopers Inc., have audited the Group's annual financial statements for the year ended 30 September 2011 and their unqualified auditor's report is available for inspection at the registered office of the Group.

## **COMMENTARY**

Pioneer Foods continued to grow and develop its operational base during the year under review by adding much needed production capacity in key categories, improving efficiencies, containing costs and broadening the product range to meet changing customer tastes and preferences.

The Group's performance for the year ended 30 September 2011 was impacted by rising input costs, lagging price increases and volume pressure in most categories. Revenue from specified bread and wheaten flour products were impacted negatively by delayed price increases to implement the gross profit reductions as agreed with the Competition Commission as part of the settlement reached in November 2010.

Group revenue increased by 7% to R16.9 billion with volume growth of some 3% and inflation of 4% in our product basket.

Operating profit, before items of a capital nature, decreased by 15% to R1 191 million, resulting in a declined margin of 7.1% (2010: 8.9%). Headline earnings declined by 18% to R726 million or 407 cents per share. All of the above comparisons are after the comparative numbers have been adjusted to eliminate the impact of the Competition Commission settlement in the previous year.

The investment in working capital increased by R447 million, largely as a result of higher raw material prices. In addition to the increased working capital investment, the first payment of R67 million, in terms of the Competition Commission settlement, was made in this reporting period. Net cash generated from operations amounted to R1 064 million.

Net cash outflow from investment activities was R933 million, contributing to net interest-bearing debt increasing to R757 million from R406 million a year ago, or 14% of equity at the reporting date.

## **SASKO**

Sasko's financial performance for 2011 was negatively impacted by the gross profit reduction agreement with the Competition Commission which was implemented between December 2010 and March 2011. Sasko agreed to sacrifice gross profit on selected bread and wheaten flour products to the value of R160 million for the benefit of its consumer base. This was achieved by a lagged implementation of price increases required at the time. Gross profit of R170.8 million was ultimately sacrificed. During this period bread and wheaten flour sales responded positively to this initiative, but volumes tapered off significantly thereafter.

International grain commodity prices, specifically maize, continued to strengthen throughout the financial year. The decline in the international maize stock to usage ratio confirms that demand is currently outstripping production and thus supporting higher maize prices. This trend is sustained by the increase in the use of maize for the production of ethanol in the US. In rand terms, maize cost increased by about 70% in the reporting period.

After an initial increase the price of wheat has traded down to levels comparable with September 2010 with international pricing remaining volatile. Local prices were moderated during the year by a relatively strong rand.

In line with subdued wheat consumption on an industry level the second half of the financial year presented a general decline in demand in the wheaten and bread product categories, whereas maize volumes were largely maintained.

Sasko Grain's profitability remained solid and benefited from sound volumes. The rice and legume business continued to post improved sales volumes and profitability.

The Sasko Bakeries business was more directly affected by the gross profit sacrifice and the general increase in the input cost base. Despite this, an overall increase in sales volume was achieved for the full year, although sales in the last quarter were significantly softer.

The performance of Sasko Pasta was constrained by the increase in lower-priced imports, despite the current tariff structure in place and the relatively high cost of wheat. Investment in additional warehouse infrastructure is progressing as planned.

The Bowman Ingredients joint venture continued to perform well, despite the slowdown in the economy and the sharp rise in input costs.

Group operations in Botswana and Zambia performed well, whereas the Namibian and Ugandan businesses struggled in the highly competitive trading environments. Business plans and strategies have been adjusted to address these challenges.

## **AGRI**

Agri experienced a challenging trading environment, largely due to the substantial increase in maize and other raw material prices, especially in the second half of the financial year. Effective raw material procurement strategies succeeded to protect the operating margin up to the third quarter. Thereafter the margin was under severe pressure as chicken and egg final product prices could not absorb the increased raw material cost.

The feeds business performed well, supported by increased sales volumes and a tight focus on costs. Margins in this business were sustained and overall profitability was improved for the financial year.

Margin pressure was most apparent in the egg business as the industry as a whole entered the start of a downswing during the reporting period. While sales of eggs increased on the prior year, sales prices continued to be weak, not responding to increased feed cost. The repositioning of the egg business and improved efficiencies over the past two years succeeded to limit the severity of these pressures.

Margins were also under pressure in the broiler business, despite improved efficiencies realised throughout the value chain. Sales volumes improved, but prices were negatively affected by an increase in imported chicken meat resulting in severe margin pressure. Good farming practices and the absence of poultry diseases supported efficiency gains.

The integration of recently acquired Tonko Chicks in Gauteng experienced some start-up challenges, but is expected to render value-enhancing returns in future. More capital will be spent in the new financial year to address inefficiencies.

## **BOKOMO FOODS**

The overall performance of the Bokomo Foods business improved during the financial year. However, results were marginally down due to a R19 million abnormal gain included in the prior year relating to the insurance recovery following the 2009 fire at the Upington raisin factory.

Sales volumes were flat, with good performances from breakfast cereals and baking aids. This was partly offset by a decreased performance from the dried fruit business due to limited raisin crop availability as a result of severe floods in the production areas.

Results were further impacted by the commissioning of the new biscuit plant in Clayville, and the launch of the new biscuit range under the *Moir's* brand at the end of September 2011.

Breakfast cereals achieved steady volume growth in key products and good recovery of raw material and overhead cost inflation from the market. Increased marketing spend on *Weet-Bix* also stimulated growth into new market segments. *Bokomo Corn Flakes*, *Otees* and *Bokomo Instant Oats* also showed good growth.

The Heinz Foods business showed good growth in condiments and sauces and posted an acceptable performance overall. However, growth in the frozen foods category remained slow.

## **CERES BEVERAGES**

Ceres Beverages achieved mixed results. A strong first half performance was unfortunately negated by a disappointing performance in the second half of the year, particularly in the fruit concentrate mixture category.

The fruit juice category performed well with volume growth achieved in the local and international markets aided by new packaging formats and juice flavours.

The first new bottling line was installed in the new fruit juice factory in Wadeville in the second half of the financial year, with another line to be commissioned early in 2012. We anticipate that the improvement in service levels and cost savings on transport from moving production closer to the market will largely mitigate the start-up costs.

The fruit concentrate mixture category had a disappointing second half as aggressive competitor activity placed pressure on sales volumes. This category is extremely competitive with relative low barriers of entry.

Carbonated soft drink sales volumes grew despite continued fierce competition. Profitability improved and the increase in volumes necessitated further capital investment. New equipment will be installed in the Ceres factory in the space created by relocating the juice lines to Wadeville. This will be commissioned in the second half of the new financial year. The increased capacity will provide a more efficient value chain and enhance profitability.

*Lipton Ice Tea* volumes grew strongly with good growth being forecasted for the new financial year. The brand was also launched in paper-pack formats to broaden consumer choice.

## **PROSPECTS**

The Group is in a favourable position to participate in profitable volume growth, recognising the constrained consumer spending environment.

Continuing inflationary cost pressures and shifting consumer spending patterns will influence the Group's financial performance in the new financial year.

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

## **FINAL DIVIDEND**

A final dividend of 40.0 cents (2010: Nil, 2009: 89.0 cents) per share has been approved by the Board. The applicable dates are as follows:

Last date of trading cum dividend:	Friday, 27 January 2012
Trading ex dividend commences:	Monday, 30 January 2012
Record date:	Friday, 3 February 2012
Dividend payable:	Monday, 6 February 2012

A final dividend of 12.0 cents (2010: Nil, 2009: 26.7 cents) per class A ordinary share, being 30% of the final dividend payable to ordinary shareholders in terms of the rules of the relevant employee scheme, will be paid during February 2012.

Share certificates may not be dematerialised or rematerialised between Monday, 30 January 2012, and Friday, 3 February 2012, both days inclusive.

By order of the Board

**ZL Combi**  
*Chairman*

**WA Hanekom**  
*Managing Director*

Paarl, 24 November 2011

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## ANNEXURE 2

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### SHAREHOLDER ANALYSIS

#### GROUP

#### SHAREHOLDER INFORMATION

##### Shareholder spread

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
<i>Ordinary shares</i>				
Individuals	3 918	78.2	25 090 160	12.5
Nominees and trusts	475	9.5	163 588 108	81.3
Investment companies and corporate bodies	614	12.3	12 558 661	6.2
	<b>5 007</b>	<b>100.0</b>	<b>201 236 929</b>	<b>100.0</b>

##### Non-public/public shareholders

Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2011 is as follows:

##### Analysis of shareholding – ordinary shares

Public shareholding	4 999	99.9	96 790 189	48.2
Non-public shareholding				
<b>Major shareholders</b>				
Agri Voedsel Beleggings (Pty) Ltd	1	–	55 627 707	27.6
Moorreesburgse Koringboere (Pty) Ltd	1	–	24 347 469	12.1
Pioneer Foods (Pty) Ltd	1	–	17 982 056	8.9
<b>Other shareholders</b>				
Pioneer Foods Share Incentive Trust	1	–	3 881 401	1.9
Directors (including subsidiary directors)	4	0.1	2 608 107	1.3
	<b>5 007</b>	<b>100.0</b>	<b>201 236 929</b>	<b>100.0</b>

##### Distribution of ordinary shareholders

##### Number of shares

1 – 1 000 shares	2 536	50.6	871 269	0.4
1 001 – 10 000 shares	1 680	33.6	6 019 916	3.0
10 001 – 50 000 shares	519	10.4	11 948 025	5.9
50 001 – 100 000 shares	115	2.3	8 263 609	4.1
100 001 – 500 000 shares	126	2.5	25 230 528	12.5
500 001 shares and over	31	0.6	148 903 582	74.1
	<b>5 007</b>	<b>100.0</b>	<b>201 236 929</b>	<b>100.0</b>

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## ANNEXURE 3

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### **CURRICULUM VITAE OF DIRECTORS UP FOR ELECTION**

#### **ANDILE HESPERUS SANGQU**

Mr Sangqu is a non-executive director of Pioneer Foods and an executive director of Xstrata South Africa. He also holds directorships on the boards of various companies.

#### **LAMBERT PHILLIPS RETIEF**

Mr Retief is a qualified CA(SA) and currently a director of Naspers, Media24 and Zeder Investments. He is the chairperson and former CEO of the Paarl Media Group.

#### **GERRIT PRETORIUS**

Mr Pretorius is an electrical engineer by qualification and profession. He was an executive director and CEO of Reunert Limited. He retired after 37 years of service in August 2010. Since his retirement, he has been appointed as a non-executive director on the boards of various companies.

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## ANNEXURE 4

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### **MEMBERS OF THE AUDIT AND RISK COMMITTEE**

#### **CURRENT AND RE-APPOINTMENT:**

#### **PROF ASM (MOHAMMAD) KARAAN**

Prof Karaan joined the Development Bank of Southern Africa in Johannesburg as an economist and later returned to Stellenbosch to join the Rural Foundation as Head of Research. In 1997 he joined the University of Stellenbosch as a lecturer in the Faculty of Agri Sciences at Stellenbosch University. In October 2008 he became Dean of the Faculty of Agri Sciences at Stellenbosch University and serves on the board of Kaap Agri, as well as various other boards.

Director since 29 March 2010.

#### **NS (NONHLANHLA) MJOLI-MNCUBE**

Ms Mjoli-Mncube held various positions at the Social and Economic Science Research Centre at the Washington State University, Pullman, USA. From 1993 to 1995 she was executive director of Bernhard Dunstan and Associates, a wholly owned subsidiary of Murray and Roberts. From 1995 to 2003 she was executive director of the National Urban Reconstruction and Housing Agency.

Director since 25 November 2004.

#### **AE (ANTONIE) JACOBS**

Mr Jacobs has many years' experience in an investment management capacity in the agricultural sector. He was the managing director of KLK Landbou Limited for three years. He served on the boards of various investment holding companies with diversified interests, such as Winecorp and Spier Holdings. He also previously lectured tax and accountancy at the University of Stellenbosch. Mr Jacobs served as director from 20 February 2009 to 29 March 2010 and was re-appointed on 18 October 2010.

#### **AH (ANDILE) SANGQU**

After having completed his articles with PricewaterhouseCoopers Inc., Mr Sangqu spent 14 years in various financial management positions. He is currently executive director at Xstrata South Africa and serves on various boards of companies.

Director since 24 February 2006.

**REMUNERATION POLICY****REMUNERATION**

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

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

**REMUNERATION POLICY**

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

The Group's remuneration philosophy is anchored in the *World at Work* total rewards approach. This comprises a combination of career growth opportunities and recognition, culture and values, compensation, benefits and work environment.

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

The remuneration policy codifies the remuneration principles, processes, practices and procedures to give effect to the Group's remuneration philosophy and strategy.

The pay mix may comprise a combination of guaranteed pay (total cost to company) and variable pay (short-term incentives and long-term incentives). This will depend on the level of seniority in the organisational hierarchy.

**GUARANTEED PAY**

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

**SHORT-TERM INCENTIVE**

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

Annual performance bonuses are based on a combination of performance achieved for profit growth and return on average net assets. Depending on seniority, this amount is limited to an amount that varies between 8.33% and 75% of a year's remuneration package.

An additional incentive, limited to one month's remuneration package, is payable to executive management, general managers and senior functional managers based on the formula approved by the human capital committee, if predetermined broad-based black economic empowerment goals are achieved.

## **LONG-TERM INCENTIVE**

The purpose of the long-term incentive scheme is to align management and shareholder interests, and to enable the attraction and retention of key managers over the long term (at least five years).

A proportion of the shares vest to employees annually to ensure that the long-term incentive keeps employees productively engaged for the duration of this period.

The human capital committee determines the share allocation to qualifying managers annually for the share appreciation rights scheme. The number of share appreciation rights allocated is based on the multiple of the total remuneration package per year that varies from half a year's package to up to three years' package. The total value of share appreciation rights allocated takes into account the value of share options and share appreciation rights allocated in any past five years.

The last allocation under this scheme was made in February 2011 at R49.96. Share options and share appreciation rights that have been accepted may be traded at 20% per annum within a maximum period of 10 years.

The total number of ordinary shares that may be transferred to employees under the share appreciation rights scheme is limited to 14.5 million shares and represented approximately 7.5% of the issued ordinary shares at the date of approval of the scheme by shareholders.

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## **ANNEXURE 6**

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### **MATERIAL CHANGE STATEMENT**

The directors report that there have been no material changes in the affairs, financial or trading position of the Group since 30 September 2011, other than those disclosed in the Annual Report.

## ANNEXURE 7

### DIRECTORS' INTEREST IN SHARES

As at 30 September 2011 the aggregate of the direct and beneficial interest of directors was 1.3% (2010: 1.2%) of the issued share capital of the Group. Indirect interest through listed public companies have not been taken into account. Individual directors' interest in the issued share capital of the Group is reflected below.

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

Directors' interest in shares	GROUP			% of issued ordinary share capital
	Direct	Indirect	Total	
The direct and indirect interests of the directors in the issued share capital of the Group are reflected in the table below:				
<b>30 September 2011</b>				
WA Hanekom	724 999	441 890	1 166 889	0.58
LR Cronjé	395 000	55 000	450 000	0.22
TA Carstens	417 291	–	417 291	0.21
ZL Combi	–	–	–	–
Dr MI Survé	–	–	–	–
MM du Toit	–	–	–	–
GD Eksteen	–	573 927	573 927	0.29
AE Jacobs (18 October 2010)*	–	–	–	–
Prof ASM Karaan	–	–	–	–
NS Mjoli-Mncube	–	–	–	–
JF Mouton	–	–	–	–
AH Sangqu	–	–	–	–
	<b>1 537 290</b>	<b>1 070 817</b>	<b>2 608 107</b>	<b>1.30</b>
<b>30 September 2010</b>				
WA Hanekom	624 999	441 890	1 066 889	0.53
LR Cronjé	395 000	55 000	450 000	0.22
TA Carstens	405 999	–	405 999	0.20
ZL Combi (29 March 2010)*	–	–	–	–
Dr MI Survé	–	–	–	–
MM du Toit (29 March 2010)*	–	–	–	–
GD Eksteen	–	573 927	573 927	0.29
Prof ASM Karaan (29 March 2010)*	–	–	–	–
NS Mjoli-Mncube	–	–	–	–
JF Mouton	–	–	–	–
AH Sangqu	–	–	–	–
	<b>1 425 998</b>	<b>1 070 817</b>	<b>2 496 815</b>	<b>1.24</b>

Note:

\* Appointed during the year.

## ANNEXURE 8

### SHARE CAPITAL

	GROUP	
	2011 R'000	2010 R'000
<b>Share capital</b>		
Authorised – ordinary shares		
400,000,000 (2010: 400,000,000) ordinary shares of 10 cents each	<b>40 000</b>	40 000
Authorised – class A ordinary shares		
18,130,000 (2010: 18,130,000) class A ordinary shares of 10 cents each	<b>1 813</b>	1 813
Issued and fully paid – ordinary shares		
At beginning of year: 201,191,970 (2010: 201,183,898) ordinary shares of 10 cents each	<b>20 119</b>	20 118
44,959 (2010: 8,072) ordinary shares of 10 cents each issued during the year to management in terms of share appreciation rights scheme	<b>5</b>	1
At end of year: 201,236,929 (2010: 201,191,970) ordinary shares of 10 cents each	<b>20 124</b>	20 119
During the year the Group issued 44,959 (2010: 8,072) ordinary shares of 10 cents each for R58.06 (2010: R42.58) per share in terms of the share appreciation rights scheme.		
Net treasury shares held by management share incentive trust		
At beginning of year: 5,111,905 (2010: 6,758,105) ordinary shares of 10 cents each	<b>511</b>	676
Net treasury shares sold: 1,230,504 (2010: 1,646,200) ordinary shares of 10 cents each	<b>(123)</b>	(165)
At end of year: 3,881,401 (2010: 5,111,905) ordinary shares of 10 cents each	<b>388</b>	511
Net treasury shares held by subsidiary		
At beginning and at end of year: 17,982,056 (2010: 17,982,056) ordinary shares of 10 cents each	<b>1 798</b>	1 798

	<b>GROUP</b>	
	<b>2011 R'000</b>	<b>2010 R'000</b>
<b>Share capital (continued)</b>		
<i>Net listed ordinary share capital</i>		
Issued and fully paid ordinary shares	<b>20 124</b>	20 119
Net treasury shares held by management share incentive trust	<b>(388)</b>	(511)
Net treasury shares held by subsidiary	<b>(1 798)</b>	(1 798)
	<b>17 938</b>	17 810
20,000,000 (2010: 20,000,000) unissued ordinary shares are under control of the directors until the next annual general meeting.		
<i>Issued and fully paid – unlisted class A ordinary shares of 10 cents each</i>		
At beginning of year: 10,408,650 (2010: 11,397,190) treasury shares held by employee share scheme trust	<b>1 041</b>	1 140
1,114,120 (2010: 988,540) bought back and cancelled	<b>(112)</b>	(99)
At end of year: 9,294,530 (2010: 10,408,650) treasury shares held by employee share scheme trust	<b>929</b>	1 041

Class A ordinary shares are not listed on the JSE Limited. These shares have full voting rights, similar to those of ordinary shares.