ASTRAL

A leading Southern African integrated poultry producer

2013

Integrated Annual Report

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ASTRAL PROFILE

Astral is a leading Southern African integrated poultry producer. Key activities comprise manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, breeder and broiler production, abattoir and further processing operations and sales and distribution of various key poultry brands.

POULTRY

REVENUE
(2012: R5 835 MILLION)

R6 001M

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

REVENUE
(2012: R4 327 MILLION)

R4 916M

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.

OTHER AFRICA

REVENUE
(2012: R341 MILLION)

R442M

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.

STRATEGIC FOCUS

To be the best cost integrated poultry producer in selected African countries.

Astral Foods' integrated report covers the economic, environmental and social activities of the group and their consequences for stakeholders for the year ended 30 September 2013. It aims to provide a broad range of stakeholders with a transparent, balanced and holistic view of the group's performance.

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 2012 to 30 September 2013. No limitations were placed on the company.

We considered the following in compiling this report:

- The Companies Act;
- The JSE Listings Requirements;
- King III Report;
- International Financial Reporting Standards (IFRS) relating to financial statements; and
- Sustainability Reporting Guidelines as published by the Global Reporting Initiative (GRI).

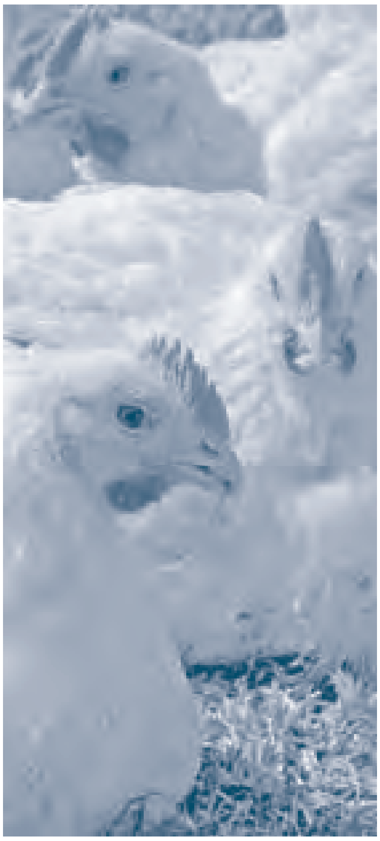
The front section summarises key aspects of the group and provides a strategic overview of its activities. Salient indicators, an overview of operations and a strategic framework are underpinned by a commitment to corporate governance and ethical behaviour.

The Chairman's views and Chief Executive Officer's review give oversight of the business, addressing past performance, covering important aspects, indicating strategic direction and future opportunities. The Chief Executive Officer's report also provides detail of the divisions and insight into performance.

The Chief Financial Officer's review highlights the financial performance of the group over the past financial period.

The governance section follows covering legal and ethical corporate conduct.

The section on sustainability highlights and consolidated information required to provide an overall perspective of the group's value creation activities to all stakeholders.



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FINANCIAL HIGHLIGHTS

GROUP REVENUE INCREASED BY

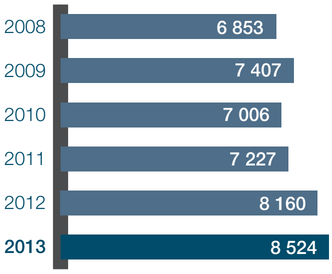
12,9%

to R8 524 million

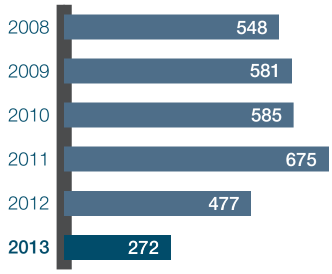
due to higher sales realised by both the poultry and feed segments

OPERATING PROFIT (Rm)	272
OPERATING PROFIT MARGIN (%)	3,2
NET DEBT (Rm)	263
EARNINGS PER SHARE (Cents)	443
DIVIDENDS PER SHARE (Cents)	222
TOTAL ASSETS (Rm)	3 954
NET ASSET VALUE PER SHARE (R)	45,03

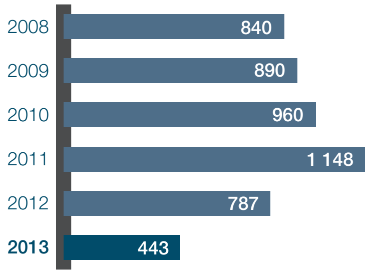
REVENUE
(R millions)



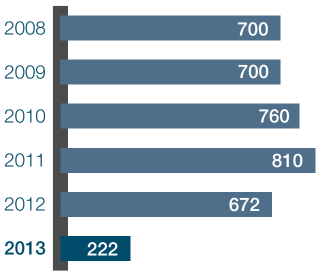
OPERATING PROFIT
(R millions)



HEADLINE EARNINGS PER SHARE
(R millions)

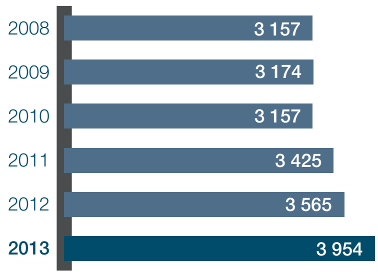


DIVIDENDS PER SHARE*
(R millions)

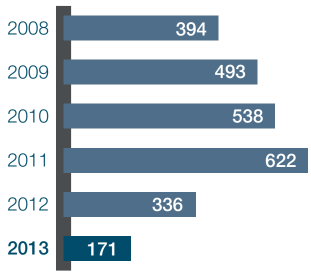


**Declared out of earnings for the relevant year*

TOTAL ASSETS
(R millions)



CASH GENERATED FROM OPERATING ACTIVITIES (R millions)



ASTRAL AS AN INVESTMENT

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 Zambia and Mozpintos in Mozambique

PEOPLE SKILLS

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

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 4,300 million processed broilers per week, made up as follows:

Goldi – Standerton	**1 730 000**
Festive – Olifantsfontein	**1 287 000**
County Fair – Western Cape	**1 133 000**
Mountain Valley – Camperdown	**150 000**

Both Festive and County Fair market and distribute a full range of fresh and frozen poultry products whereas Goldi's primary products are in the form of individually quick frozen ("IQF") products. Mountain Valley produces both fresh and frozen poultry products.

County Fair, Goldi, Festive and Mountain Valley 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.

Day-old broiler and hatching egg supplier

The National Chicks operation 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 and Mozambique. National Chicks supplies small hatcheries in Africa with fertile eggs and has a technical team servicing its customer base.

Broiler genetics

Ross Poultry Breeders is the sole distributor and supplier of Ross 308 parent stock to the South African broiler industry. The company has a technical agreement with Aviagen Limited, a multi-national company that holds the world-wide 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.

Animal Feed

The South African operations consist of mills located in Randfontein, Delmas, Welkom, 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).

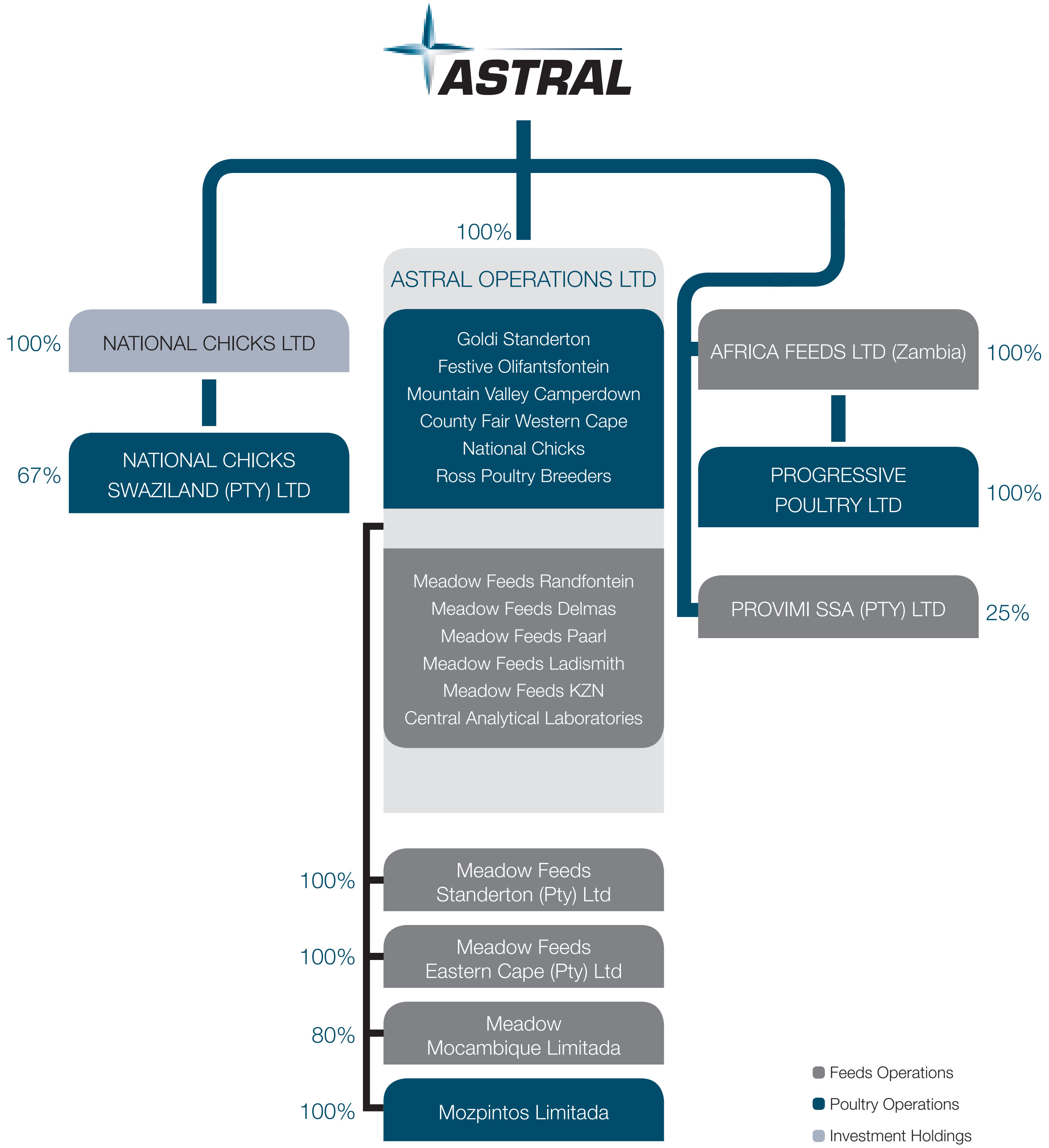
Animal feed pre-mix

Provimi SSA (Pty) Limited, a company in which Astral holds a 25% stake, 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.

Analytical laboratories

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

GROUP STRUCTURE



BUSINESS OVERVIEW

South Africa

Festive, Goldi and Mountain Valley – Three broiler processing facilities located in Olifantsfontein (Gauteng), Standerton (Mpumalanga) and Camperdown (KwaZulu-Natal). These operations, with their own breeding and hatching operations, processes approximately 3,167 million broilers per week and make 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). The Mountain Valley abattoir situated in Camperdown, provides us with a strategic processing presence in KwaZulu-Natal. Meadow Feeds – situated in Randfontein, Delmas and Pietermaritzburg – supplies poultry feed to the three integrated broiler operations.

County Fair – Located in the Western Cape, County Fair is a fully integrated broiler producer processing 1,3 million birds per week. 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 – 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 biosecurity and production processes to ensure the delivery of disease-free generic material to the South African poultry industry.

Meadow – 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, and 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 Labs – 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

TigerChicks – 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.

CHAIRMAN'S VIEWS

Jurie Geldenhuys

HIGHLIGHTS

- The CEO's Pinnacle Programme continues to bear fruit resulting in a number of affirmative action senior appointments
- Successful conclusion of the settlement agreement with the Competition Commission
- R200 million investment in a state-of-the-art feed mill in Standerton

ACHIEVEMENTS

- Effective salary and wage freeze assisted by Union's responsible approach
- Low or zero increase agreements with suppliers of goods and services
- Managing of inventory levels and selling prices in competitive environment

FOCUS

- Re-align major abattoirs to optimise upstream and downstream production facilities
- Opportunities to expand into other African countries
- Continue to play a leading role in obtaining protection from poultry imports

"Survival of the fittest" remains my theme, now for the 4th year running, but with a difference; some light at the end of the tunnel.

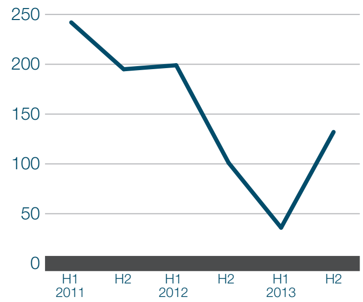
The South African socio-political economic environment poses a two-fold challenge to business; firstly to influence the business environment as far as prudently possible and secondly to adapt to conditions urgently and expediently. Both of these are in the interests of survival, profitability and ultimately to achieve satisfactory shareholder returns.

Astral, through its chief executive and his team, has made steady and valuable progress on both these fronts. I wish, on behalf of the board, to convey our sincere and profound appreciation to Chris Schutte and every individual member of his executive team, and to the company as a whole, for the way in which they have nurtured Astral through another impossibly difficult year. I believe, however, we can honestly say that there is some light at the end of the tunnel. I cannot foresee the poultry industry and specifically Astral going the way of the textile industry. Through the interaction of management, government, workers and unions Astral should again be able to generate returns for all those involved and reward shareholders for their confidence in the company.

A glance back …

The six-monthly headline earnings for the past three years have been as depicted on the graph on the left:

SIX MONTHS HEADLINE EARNINGS
(R thousands)



Source: Own data

Major contributory factors to the stabilisation of the company's wellbeing were:

- An effective salary and wage freeze during the latter half of 2012 amounted for practical purposes to a wage and salary freeze for the 2013 financial year. The Food and Allied Workers Union's responsible approach to this matter is acknowledged and appreciated.
- Certain much appreciated low or zero increase agreements with suppliers of goods and services were also negotiated.
- Cash flow management was the watchword and capital expenditure was restricted to the barest essentials. The relatively low level of debt at 2012 year-end was of some comfort; net debt increasing from R106 million then to R267 million at 31 March 2013; then steadying thanks to astute cash flow management at a level of R263 million at year-end.
- Astute management of inventory levels and selling prices in an extremely competitive environment.

Chris Schutte and his colleagues managed, despite enormous pressure, to preserve a well-motivated team. They were able during the year to adapt rapidly in the interest of survival and longer-term profitability.

Corporate Governance

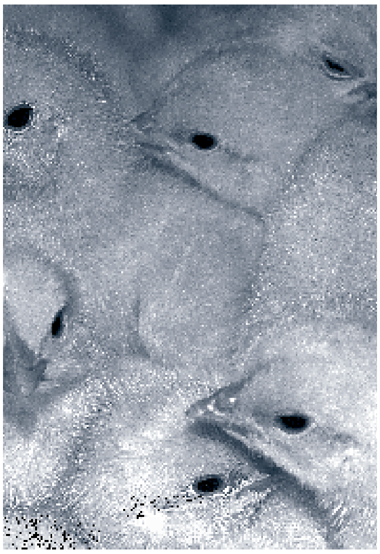
In order to maintain awareness of and constantly strive to improve corporate governance the following annual exercises were duly and satisfactorily completed:

- Assessment of compliance with King III guidelines.
- Self-assessment of individual director's performance and assessments of fellow directors, board committees, the board itself as well as the chairman, chief executive and company secretary; with follow up action where necessary.
- 360° peer evaluations at senior executive level under professional guidance. These evaluations proved to be extremely valuable in the interest of self-improvement of the individuals concerned and will serve as a valuable adjunct to succession planning and implementation.
- Comprehensive succession planning for all categories and levels of executive management.

The chief executive officer's Pinnacle Programme continues to bear fruit. It facilitated a number of senior appointments to further transform the management team to better reflect South African demographics.

CHAIRMAN'S VIEWS (continued)

A one-day 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.



A one-day 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.

During the year Ms Charlotte Mampane, a director of the company, was appointed in an executive position at a para-statal institution. To avoid any possible conflict of interest she deemed it prudent to resign from Astral's board. Her contribution to the board is gratefully acknowledged.

The Nomination Committee, after due process, recommended to the board the appointment of two new non-executive directors to address the balance between executive and non-executive directors. The board approved and confirmed the appointments of Ms Tshepo Shabangu; a legal professional and Ms Taki Maumela; an executive in the health insurance industry. I am confident that they will make a meaningful contribution to the company's corporate governance. Currently, the board comprises five executive and seven non-executive directors, with a sound balance of experience and appropriately diverse backgrounds.

Competition Commission issues have been with us for some years now. A comprehensive settlement agreement had been successfully concluded with the Competition Commission and we are optimistic about the Tribunal's agreeing with the agreement. Finalisation was expected within the ensuing 30 days.

Following minister Rob Davies' tariff announcements, the Association of Meat Importers and Exporters presented specific fresh complaints to the Commission, opening a new chapter in the saga. These issues are being addressed.

The playing field …

Since the 2007/8 global financial crisis South African business has been acutely aware of the local impact of global economic events.

Pertinent observations are:

- Global growth is still weak, its underlying dynamics are changing, and the risks to the forecast remain to the downside.
- Markets are increasingly convinced that United States' monetary policy is reaching a turning point and this has led to an unexpectedly large increase in long-term bond yields in the United States of America and many other economies.
- This change could pose risks for emerging market economies where activity is slowing. Growth in China is slowing, which will affect many other economies, notably the commodity exporters among the emerging market and developing economies.
- Global growth remains in low gear, averaging only 2,5% during the 1st half of 2013, which is about the same pace as in the 2nd half of 2012.

The table below indicates trends and IMF forecasts of economic growth:

Real GDP growth projections

Percentage change from previous year

	2010	2011	2012	2013E	2013F
World	5,3	3,9	3,2	2,9	**3,6**
Advanced economies	3,2	1,7	1,5	1,2	**2,0**
EM and Developing economies	7,5	6,2	4,9	4,5	**5,1**
South Africa	2,9	3,5	2,5	2,0	**2,9**

Growth in real gross domestic expenditure generally exceeded that in real gross domestic product in the period under review.

- Growth in emerging market and developing economies is projected at 4,5% in 2013 and 5,1% in 2014. In particular growth in China is projected to slow down from 9,3% in 2011 to 7,6% in 2013 and 7,3% in 2014.
- Emerging market and developing economy growth rates are now down some 3% from 2010 levels, with Brazil, China and India accounting for about two-thirds of the decline. The specific reasons for lower growth differ and clear diagnoses are hard to obtain. International Monetary Fund economic analysis suggests that both cyclical and structural factors are at play. This seems to be the case for Brazil, India, China and South Africa.
- Growth in South Africa is projected to slow down in 2013 to 2% from 2,5% in 2012. Growth in 2014 is projected at 2,9% but it should be pointed out that the projection a year ago for South Africa was also of the order of 3% only to be whittled down through the year to 2%.

South Africa in context

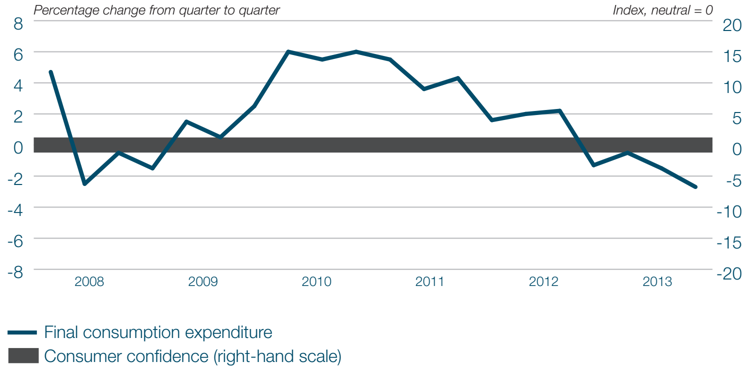
The following comments drawn from the South African Reserve Bank's 2013 annual economic report summarises the position succinctly: "South Africa experienced a pedestrian rate of economic growth in 2012 and the first quarter of 2013 reflecting both supply side constraints and weaknesses in aggregate demand. The tertiary sector continued to record the strongest and most consistent pace of growth whereas the primary sector displayed considerable output volatility as mining production was dragged down on a number of occasions by labour-related shutdowns of operations. Economic activity in the secondary sector also fluctuated somewhat from quarter to quarter as producers encountered a number of headwinds including industrial action, energy constraints and fierce competition from abroad."

Furthermore, "Growth in real gross domestic expenditure generally exceeded that in real gross domestic product in the period under review. Nevertheless the pace of growth in real final household consumption expenditure slowed significantly over the period, consistent with the slowdown in the household sector's real disposable income."

Regarding domestic output in particular; "the slackening in real gross domestic product growth which set in from the second quarter of 2012 intensified in the first quarter of 2013 when growth decelerated to an annualised rate of 0,9% – the lowest rate of increase since the second quarter of 2009. This disappointing performance can be attributed to a range of factors including widespread labour unrest, production disruptions in a number of industries, rising inflation expectations, falling commodity prices, electricity supply constraints, hesitant domestic and foreign investor confidence and pessimism about the longer-term outlook for the economy."

The most recent IMF estimate for 2013 GDP growth in South Africa as per the table above is 2% and it would be fair comment to suggest that the South African situation has yet to improved meaningfully. The following graph from the same source describes Astral's market; namely the households:

REAL FINAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS
AND CONSUMER CONFIDENCE



Seasonally adjusted annualised rate
Quarterly Bulletin September 2013 – South African Reserve Bank

CHAIRMAN'S VIEWS (continued)

Astral has played a leading role in the South African Poultry Association's endeavours to obtain some protection from what was regarded as 'dumped imports'.

Finally and somewhat more encouragingly, the following table from South African Reserve Bank's quarterly bulletin September 2013 puts non-durable goods' expenditure by households in perspective. The second quarter 2013 uptick is significant and encouraging.

Real final consumption expenditure by households

Percentage change at seasonally adjusted annualised rates

Component	2012					2013	
	Q1	Q2	Q3	Q4	Year	Q1	Q2
Durable goods	8,1	8,9	7,8	6,1	11,0	**5,4**	**11,8**
Semi-durable goods	6,1	6,8	6,2	5,1	6,2	**6,2**	**8,2**
Non-durable goods	2,5	2,3	1,7	2,3	2,5	**1,4**	**3,0**
Services	3,6	1,7	1,3	0,8	1,8	**1,1**	**(1,9)**
Total	4,0	3,2	0,7	2,4	2,5	**2,3**	**2,5**

Quarterly Bulletin September 2013 – South African Reserve Bank

BMW's unfortunate announcements regarding their South African operations and increased populist political rhetoric will not be conducive to attracting foreign investment. Proposed further and tougher BEE legislation is likely to contain more challenges for the manufacturing sector.

Astral has played a leading role in the South African Poultry Association's endeavours to obtain some protection from what was regarded as 'dumped imports'. Tariffs announced by the Minister of Trade and Industry will go some way in levelling the playing field for poultry producers in South Africa. A considerable amount of work still has to be done in the same regard with respect to imports from the European Union.

Astral's environment from a global, national and industry perspective leads me to conclude that we are in for another uncertain year, but for a change with more upside than downside.

Quo Vadis?

The 2014 financial year once more commences with appropriate wage and salary restraint, in line with inflation expectations. This will bolster Astral's competitiveness and limit possible job losses necessitated by rationalisation.

Astral will be following a re-alignment strategy at its major abattoirs and upstream production facilities to improve the allocation of specific production activities to specific abattoirs with possible volume cutbacks where necessary.

Encouraging performance from our other African operations may well lead to further investments in these countries and the possible entry into a fourth African country with substantial economic potential.

Astral will also benefit significantly from the new Standerton feed mill erected to replace supply from the ten-year Afgri agreement which runs out in March 2014. The R200 million investment in this state-of-the-art mill is proof of the confidence Astral has in its continuing role in the local feed and poultry business and will support our "Best Cost" strategy.

Regrettably the industry remains in distress and likely to see further market and production consolidation from which ironically Astral might benefit.

Poultry remains the lowest cost protein available to the consumer and Astral is well placed and determined to play a leading role in this regard.

Appreciation

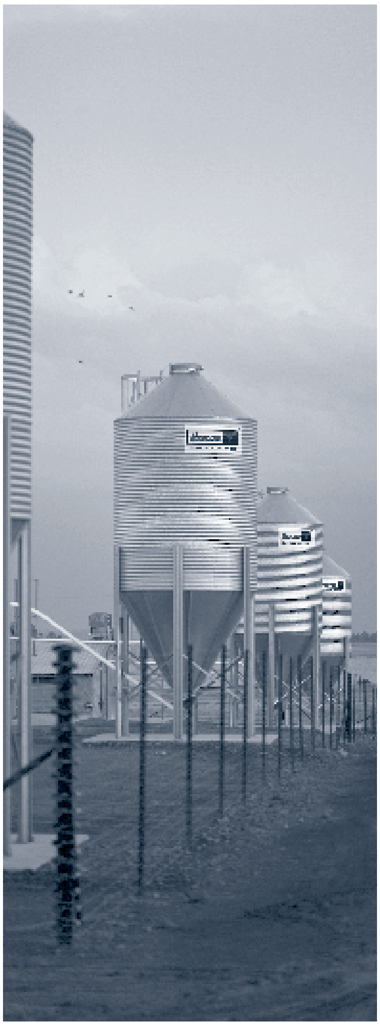
I wish to reiterate the board's appreciation for the efforts of the CEO and his management team under unrelentingly tough conditions. We wish them success and are confident that they will, in true form, rise to the challenges of 2014.

It is a privilege to work with fellow professional directors, executive and non-executive alike, with such total commitment to the good governance of the company. I thank you.

Jurie Geldenhuys
Chairman

Pretoria
6 November 2013

Poultry remains the lowest cost protein available to the consumer and Astral is well placed and determined to play a leading role in this regard.



CHIEF EXECUTIVE OFFICER'S REPORT

Chris Schutte

HIGHLIGHTS

- The Feed division produced a good performance
- Good growth in the Other African businesses was reported
- A healthy gearing ratio was maintained under extremely tough market conditions
- Certain graduates of the CEO Pinnacle Programme have been promoted to Executive positions
- Improvement in the BBBEE rating

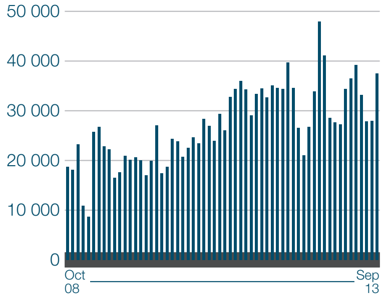
ACHIEVEMENTS

- The successful commissioning of the new Mozambique hatchery which is running at capacity and turning out good results
- Commencement with the construction of the new Standerton feed mill
- Exceptional and improved broiler daily weight gains
- No salary increases granted in the past year
- Astral remained profitable despite an industry that was generally in a loss making state

FOCUS

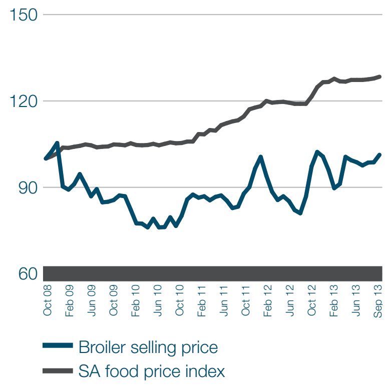
- To remain a best-cost producer of poultry meat
- To improve on the broiler production results whilst extracting all possible cost efficiencies
- To focus on key projects in the coming year that will leverage expansion opportunities through organic growth and acquisitions in target markets, particularly in other African countries
- Regional alignment of processing capacity improve product mix and costs
- Continued penetration of the foodservice sector

TOTAL IMPORTS
(tons per month)



Source: South African Poultry Association (SAPA)

BROILER SELLNG PRICE vs
SA FOOD PRICE INDEX
(Rand per kg)



Souces: SAPA and CJA Strategic Risk Brokers

Introduction

Astral's 13th annual report provides an overview of the results for the year under review, to illustrate not only the group's financial and operational performance and achievements, but also to highlight how the business has performed within the macro-environment in which it operates.

As was highlighted over the past two years, the impact of the global economic slump continued to be felt during the year under review. As a result of the various macro-economic challenges Astral and the local poultry industry continued to face extremely tough market conditions.

The period under review was impacted by higher stock levels as poultry imports from Brazil and the European Union (EU) hit record highs during the run up to the 2012 Festive Season. The resultant imbalance in local supply and demand resulted in low selling prices and intense promotional activity during the first half of the period under review. Total poultry imports in October 2012 peaked at 47 942 tons, equivalent to 8 million birds per week, and together with the 19,5 million birds per week produced locally resulted in abnormally high stock levels.

Poultry selling prices did not follow the traditional trend of peaking in December, as high stock levels exacerbated by high levels of imports in October and November 2012 resulted in downward pressure on pricing. Extensive promotional activity from November 2012 through to February 2013 followed as the industry endeavoured to clear the high stock levels which resulted in lower poultry selling prices that were insufficient to cover increased input costs.

The country's inability to create more jobs, record levels of unemployment (25,6% in Quarter 2 of 2013) and reduced per capita disposable income culminated in depressed discretionary household spending. Global and local food inflation continued, however local chicken prices did not follow the same upward trend, and lagged both food inflation and the recovery of escalating input costs and higher feed selling prices peaking in January and February 2013.

Against this backdrop, Astral experienced losses in its Poultry division as it was unable to recover costs as pricing power shifted away from the producers, favouring the retail market sector which used chicken as a loss leader and promotional draw card. Amongst numerous cost control measures, Astral implemented a cutback in poultry volumes in order to curb the losses attributable to an under-recovery of input costs from poultry selling prices.

The difficult trading conditions, high feed input costs and lower selling prices culminated in significant losses for the Astral Poultry division in the first half of the period under review, with somewhat of a recovery to break-even levels in the second half of the reporting period.

Salient points

- Record high poultry imports in October and November 2012 culminated in record high industry poultry stock levels in December 2012, and the intense promotional activity that followed resulted in significant losses in Astral's Poultry division in January 2013. Broiler production cutbacks on the back of poor sales and measures implemented to curb the losses, resulted in 5,4% lower poultry sales volumes compared to the prior year.
- The impact of the US drought in 2012 recorded as the worst in fifty years moved Chicago Board of Trade (CBOT) maize prices to an average monthly level of 804 cents per bushel in August 2012. This directly impacted local Safex maize prices resulting in feed prices peaking in January to March 2013 as a consequence of Astral's forward positions.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

- Extreme drought conditions in the North West region of South Africa during the past maize growing season, resulted in a decrease in the total maize crop to 11,7 million tons from an original estimate of 13 million tons, reducing the total South African maize carry out and stock to use ratio which negated the expected reduction in local maize prices from April 2013 onwards.
- The Rand depreciated against the US Dollar by 20% during the period under review, negating any benefits of lower CBOT corn prices to levels of 450 cents per bushel during the second half of the financial period. In addition the weaker Rand resulted in a higher cost of imported feed ingredients.
- The violent strike action at the County Fair farming and the Earlybird Olifantsfontein processing operations resulted in a direct cost of R37 million before a R15 million insurance recovery for the period under review. In both instances the strikes were settled at a 0% increase in wages in line with the freeze on salary increases initiated by management in October 2012.

Financial overview of operations

For 2013, a 43,0% reduction in operating profit is reported. This is on the back of a reduction in operating profit of 80,0% in the interim results posted in March 2013, with second half earnings increasing by 35,2% relative to the comparable 2012 period. The first half of the year was severely impacted by high feed prices, high poultry stock levels in the industry, high levels of poultry imports and depressed poultry selling prices. It was evident during the reporting period that the poultry industry lacked pricing power, as can be intimated from the extensive promotional activity in order to manage stock levels at prices below cost for most of the reporting period.

Revenue for the group increased by 4,5% to R8,5 billion (2012: R8,2 billion) on the back of a decrease of 5,4% in poultry volumes, an 8,4% increase in poultry realisations together with an increase in the Feed division's turnover of 13% on the back of higher feed prices for the period under review.

The operating profit showed a marked decline of 43,0% to R272 million (2012: R478 million) and the operating margin at 3,2% reflects this decrease (2012: 5,8%). The drop in profitability was impacted by poultry feed costs which increased by 14,1% year-on-year, whilst poultry realisations only increased by 8,4% indicating an inability to recover input costs.

Cash generated from operations decreased by 50% to R238 million (2012: R478 million), with net borrowings increasing from R106 million to R263 million. Astral's balance sheet remains healthy albeit with an increase in the gearing to 16% (2012: 7%). The net debt position for the 2013 reporting period was impacted by an increase of R157 million in structured debt, the majority of which was utilised in financing the new feed mill in Standerton.

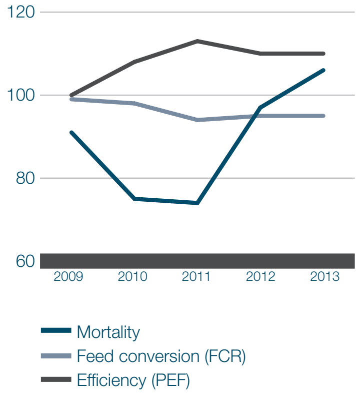
Poultry division

Revenue for the division increased by 2,8% to R6,0 billion (2012: R5,8 billion) on the back of lower volumes (down 5,3%) and higher poultry selling prices (up 8,4%). Profitability decreased significantly to a loss of R109 million (2012: profit of R137 million), resulting in a net margin for the division of -1,8% (2011: 2,3%).

The negative margin is attributable to increases in feed prices, the single biggest input cost, of 14,1% whilst poultry selling prices only increased by 8,4%. On-farm performances were impacted by higher broiler mortalities, and a slight deterioration in feed conversion rates, which impacted on the live cost of the birds sent for processing.

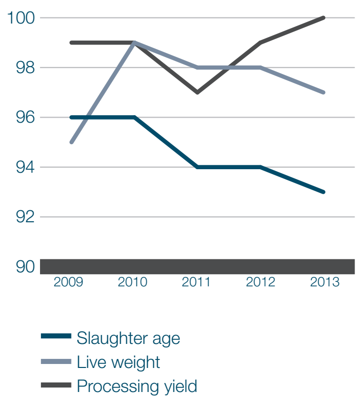
Revenue for the division increased by 2,8% to R6,0 billion (2012: R5,8 billion) on the back of lower volumes and higher poultry selling prices.

POULTRY DIVISION COMBINED BROILER KEY INDICATORS: SEP 12
(%)



Source: Own data

POULTRY DIVISION COMBINED BROILER KEY INDICATORS: SEP 13
(%)



Source: Own data

Feed division

Revenue for the division increased by 13,6% to R4,9 billion (2012: R4,3 billion) as a direct result of the higher raw material and feed pricing, whilst sales volumes increased marginally (up 1,0%). Operating profit increased by 14,7% to R331 million (2012: R289 million). This division posted a good performance and successfully recovered inflationary costs from the market, whilst maintaining an acceptable level of credit risk without sacrificing sales volumes.

Other Africa

Revenue for the division increased by 29,5% to R442 million (2012: R341 million) as a result of higher volumes (up 14,2%). The operating profit increased by 19,5% to R45 million (2012: R38 million) with an operating profit margin of 10,2% (2012: 11,0%). A good performance from this division was supported by the results in the broiler breeder and hatchery operations in Zambia, Mozambique and Swaziland, with the animal feed operation in Zambia reporting an admirable growth in earnings.

Services and joint ventures

Revenue for the division decreased to R30 million (2012: R223 million). Profitability decreased to R4,7 million (2012: R13,2 million). Excluded from the results for the period under review is the profit contribution from the East Balt SA operation, which was disposed of during 2012 and in addition only includes two months' reporting pre-disposal of half of the group's 50% interest in NuTec. Future segmental reporting for this division will fall away.

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

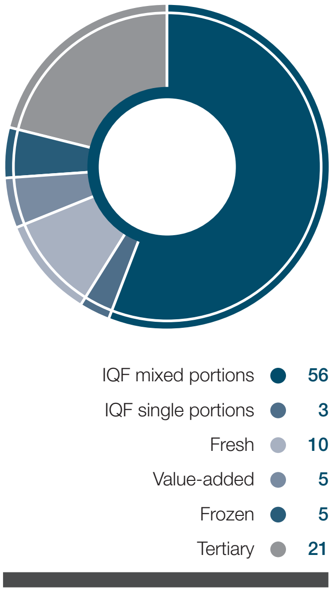
The four integrated broiler operations are strategically located in the major growth areas of Gauteng, Mpumalanga, the Western Cape and KwaZulu-Natal. The broiler operations slaughtered on average just over 3,9 million birds per week for F2013 and is made up as follows:

Birds per week	F2012	F2013
Earlybird Olifantsfontein	1 236 000	**1 082 000**
Earlybird Standerton	1 540 000	**1 600 000**
Country Fair Agter-Paarl	1 263 000	**1 111 000**
Earlybird Camperdown	132 000	**152 000**
Total	4 171 000	**3 945 000**

The Poultry division continued to achieve good on-farm results for the period under review. Bird health challenges experienced by the poultry industry and metabolic problems expressed as broiler ascites associated with high bird growth rates, has resulted in higher mortalities for the period under review which impacted the production efficiency factor resulting in a 0,3% drop in this performance parameter. The 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.

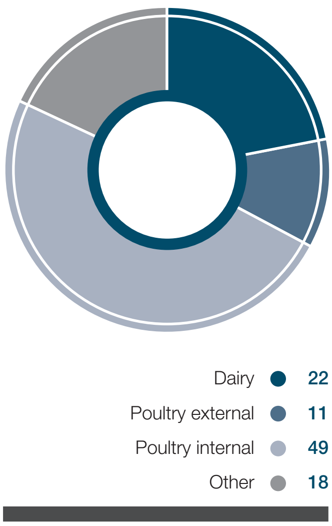
CHIEF EXECUTIVE OFFICER'S REPORT (continued)

POULTRY DIVISION SALES
(%)



Source: Own data

MEADOW FEEDS SALES
(%)



Source: Own data

The weekly F2013 bird slaughter numbers show a marked decline in birds produced, as a result of the conscious decision to cut back production levels to curb losses associated with the under-recovery of input costs in the selling price of chicken. The processing yield has increased by over 1% for the period under review as a result of efforts to improve processing plant efficiencies and product mix.

The feeding cost to rear a broiler to slaughter age, made up 66% of the total live bird cost for the period under review, whilst the feed cost per kilogram of live weight produced increased by 17% over the prior period, due to higher raw material costs specifically in respect of maize and soya.

Day-old chicks and hatching eggs

National Chicks, the group's commercial hatching egg and day-old chick producer operating in both 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 poor performance for the year compared to the comparable period in the prior year in the face of tough market conditions and cutbacks in local poultry production.

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 are regarded as successful and will continuously be exploited to optimise the genetic potential of the breed.

Feed division

Meadow Feeds supplies 49% of its total volumes to the group's downstream poultry operations. Total volumes remained unchanged year-on-year at approximately 1,2 million tons per annum, with a marginal increase of 1% driven by an increase in feed sales to the external market of 4% offset by a drop in feed supply volumes to Astral's poultry operations of 3%. Total plant capacity remained relatively unchanged, with a plant utilisation of 76% for the period under review.

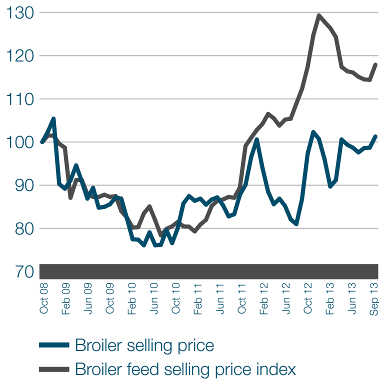
The price of maize, as a key driver of input costs into feed and the production cost of poultry meat, increased significantly in the latter half of 2012 due to escalating international prices, as the United States suffered its worst drought in more than fifty years. This impacted on feed prices in the first half of the reporting period with feed prices peaking in January to March 2013 on the back of Astral's maize positions.

The average broiler feed price increased by R563 per ton or 14% year-on-year. The second half of the reporting period did see feed prices reducing on the back of lower maize prices in that half, however broiler feed prices remained 8% higher than for the comparable period in the prior year. The lower local crop estimates as a result of the drought in the North West region of the maize growing area of South Africa impacted negatively on yield which led to higher maize prices. Soya prices increased for the period under review driven by the weakening in the local currency, despite lower CBOT prices year-on-year.

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. Maize procurement for the Zambian and Mozambican feed mills is done locally in those countries.

BROILER SELLNG PRICE vs BROILER FEED PRICE
(Rand per kg)



Sources: SAPA and CJA Strategic Risk Brokers

Zambia

Feed sales from Tiger Animal Feeds increased by 17% for the period under review reflected by a recovery in the small scale farming sector. During the financial year ageing equipment in the feed mill was replaced to improve the operational efficiencies.

Day-old chick sales from the hatchery and broiler breeder operation, Tiger Chicks, increased by 18% for the year. Capital expenditure of R23,5 million was approved during August 2012 to double the capacity at Tiger Chicks, and this will be completed in late 2013.

Mozambique

Meadow Mozambique feed sales were impacted by an outbreak of African Swine Fever in Mozambique, resulting in a decrease in pig feed volumes sold. Layer feed sales have been disappointing as the table egg industry in Mozambique has been affected by high imports of table eggs from South Africa. The commissioning of the new hatchery in 2012 has supported the sale of quality day-old broiler chicks by Mozpintos into the Mozambican market from November 2012. The hatchery operation is operating at capacity and despite the start-up costs has posted a good performance in the first year of operation. Capital expenditure has been approved to construct an initial six broiler breeder houses for the Mozambique day-old chick operation.

Swaziland

The Swazi hatchery and broiler breeder joint venture with a recognised local broiler producer, posted a 1% decline in the sale of day-old chicks.

Services and joint ventures

Nutec Southern Africa, previously a 50% joint venture with Provimi (Provimi has been acquired by Cargill), specialises in the production of vitamin and mineral animal feed pre-mixes and the provision of feed formulation and technical expertise. Astral disposed of half of the 50% interest in NuTec during the period under review.

Key investments

Capital expenditure for the period under review of R241 million was up on the prior year's R211 million.

F2013 – R'million	Replacement	Expansion	Total
Poultry	51,2	8,8	60,0
Feed	14,0	137,3	151,3
Other Africa	8,1	21,9	30,0

The bulk of the increase in capital expenditure over the prior year is as a result of the new Standerton feed mill project and capital expenditure for the expansion of the day-old chick operations in both Zambia and Mozambique.

Key challenges going forward

From a production perspective the key challenge for Astral will be to determine an optimum balance between broiler daily weight gains, early target weight achievements and lower mortalities as a result of a metabolic condition related to exceptional growth rates exhibited by the latest Ross 308 genetics.

Proposed new brining legislation has been advocated by the Department of Agriculture, Forestry and Fisheries (DAFF), where levels of 8% have been suggested versus uncapped and unregulated industry brining practices. Whilst Astral supports the requirement for better regulatory control and compliance, reducing the brining of

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

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 increases. The industry through SAPA has submitted individual as well as a unified proposal to DAFF in this regard.

On 30 September 2013 a revised higher General Rate of Duty on imported poultry products was introduced by the South African Revenue Service, which excludes duty free imports from the EU. The new import tariffs will go some way in correcting the uneven playing field that has severely damaged the local industry. The industry through SAPA will have a major task at hand to curb the rising zero rated imports of frozen poultry bone-in portions from the EU. The industry through SAPA has been able to prove financial harm and damage brought about by the injudicious dumping of poultry in South Africa from the EU. The International Trade and Administration Commission have accepted an application from SAPA who submitted sufficient evidence and established a *prima facie* case to enable the Commission to arrive at a reasonable conclusion that an investigation should be initiated into the alleged dumping of frozen bone-in portions imported from The Netherlands, Germany and the United Kingdom.

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. 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.

A key challenge for Astral is to continuously achieve a poultry selling price that allows for the satisfactory recovery of input costs.

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 pre-mix 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; and
- Availability and cost of energy.

In the management and mitigation of these risks, Astral has set out particular action plans (see page 32), 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

Disposal

Nutec Southern Africa (25%)

The disposal of half of Astral's 50% interest in Nutec to Cargill was concluded during December 2012 with an effective date for the transaction of 1 June 2012. A purchase consideration of R63,7 million for 25% of the shares in Nutec was agreed upon. The decision to sell a portion of Astral's interest in this business was taken so as to allow Cargill to invest in the redevelopment of the Nutec facility, and simultaneously expand pre-mix sales into African markets. As a result Astral's remaining 25% interest will be in a larger speciality pre-mix business.

New developments

In line with our strategic intent, Astral will focus on certain key projects in the coming year.

New day-old chick operation (Mozambique)

Capital expenditure for the construction of six broiler breeder sheds that will supply hatching eggs to the hatchery operation in Mozambique has been committed. Construction work on the poultry sheds is well underway and these are due for completion in the new financial period.

New feed mill (South Africa)

The new Standerton feed mill project is making steady progress, with completion of the project scheduled in the first half of 2014. The feed mill will supply broiler feed to the Earlybird Standerton broiler operation, and with the inherent efficiencies of new technology will deliver feed cost benefits to Astral's poultry value chain.

County Fair Liquid Petroleum Gas (LPG) Replacement Project

A project aimed at reducing the heating cost of broiler houses at County Fair in the Western Cape has been embarked on. The LPG installations on 9 of the 22 farms owned by County Fair will be replaced with coal-fired boilers in phase 1 of the project, providing a cheaper and alternative heating system to 94 poultry houses.

Earlybird Camperdown expansion

Following the Mountain Valley acquisition, Astral's broiler operation in KwaZulu-Natal is well positioned for future growth, and to this end capital expenditure has been approved to increase the capacity of this operation in the new financial period with completion scheduled for early 2014.

Enterprise Resource Planning

An integrated standardised Enterprise Resource Planning (ERP) solution for Astral's Poultry division was investigated during the past year. After the completion of a detailed "needs" analysis it has been decided not to proceed with the implementation of a new ERP solution for Astral's Poultry division at this stage. The complexity of the proposed solution resulted in an escalating implementation cost and, given the current market conditions and financial performance of the Poultry division the cost is prohibitive. The current software platforms are stable and will be maintained, with risk mitigation measures in place where necessary.

Market developments

A number of initiatives are in place to continually improve the sales product mix and to create consumer demand that is more consistent and predictable in the retail, wholesale and foodservice sectors. Albeit a niche quality-focused category, free range offerings under the Mountain Valley brand were launched in KwaZulu-Natal, Gauteng and the Western Cape in the past year.

The County Fair crumbed further processed products are the category market leader. Innovation in this category centres on convenience and good value, with good performance from the "light" range of products in the past year.

Astral's share in the foodservice sector, and primarily the quick service restaurant trade, has shown good growth despite Astral's relatively small share of this market. Astral has experienced 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. Astral's sales into the foodservice sector have doubled in the past two years and now represent 5% of the sales mix.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Astral recently launched a new frozen chicken leg quarter product under the Goldi brand with a reduced brine level at 20% whose primary target market is the wholesale and butchery sectors. The product has been accepted extremely well by consumers, and is expected to grow considerably in the mass market.

Supply chain

Astral will continue to investigate any opportunity to further secure the Poultry division's supply chain and route to market in the long term, and will focus on optimising the integration further in the key areas of cold storage as well as frozen and chilled distribution.

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 diploma qualification and has been assigned a mentor from within the company for the duration of their year-long studies. This programme includes three tiers of management development courses. A number of students with a representation of 48% of the designated groups have recently completed their studies with a pass rate of 95%. Eight of these participants have in the interim been promoted into Executive positions within the group. Another two groups of students have in the meantime been enrolled to participate in the programme.

Astral will continue to investigate any opportunity to further secure the Poultry division's supply chain and route to market in the long term.

Transformation update

Astral received an updated BBBEE score (BB or Level 5 rating) during the period under review with the group achieving 55,57% towards the employment equity targets as stipulated in the Department of Trade and Industry's Code of Good Practice. 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. Alliances include:

- 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 unique company with its roots in agriculturally-derived products; and
- Atlas, with a focus on sourcing and supplying protein-based soft commodities.

Local alliances 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.

Outlook

The recently approved increase in the General Rate of Duty on poultry imports will go some way in levelling the playing field on a cost basis. An anti-dumping application against the EU, if successful, will improve the imbalance in supply and demand, which could provide the industry a better opportunity to recover escalating input costs.

Projected lower feed costs in 1H2014 over the comparative period, together with the commissioning of the new Standerton feed mill during the latter half of F2014, will benefit downstream poultry production costs.

Although the tough trading environment is not expected to ease in the new financial period, a number of positive contributions could lead to improved results.

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 time experienced by the poultry industry over the past two decades. The support that was received from the staff and colleagues at all levels, particularly in the unpopular decision to not grant salary increases in the past year, is much appreciated and is testimony to the obliging culture and just standards of our people in the group.

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 Chairman, Jurie Geldenhuys, for his unwavering support and strategic leadership, which again proved invaluable to the success of the company in the past year.

Chris Schutte
Chief Executive Officer

Pretoria
6 November 2013

CHIEF FINANCIAL OFFICER'S REVIEW

Daan Ferreira

HIGHLIGHTS

- The group remained profitable amidst one of the worst trading conditions experienced by the poultry industry
- Growth in profit from Africa operations

ACHIEVEMENTS

- Ability of Feed division to increase volumes and to recover increased raw material costs
- Net debt equity ratio at 15% despite reduced profitability and major capital expenditure on the construction of a new feed mill

FOCUS

- Continued investment in production facilities to improve efficiencies and to reduce operating costs
- Strategies to address impact of adverse trading conditions in poultry operations

External revenue increased by 4%. Poultry reported a modest 2% increase in its external revenue.

Net finance costs at R27 million increased on the previous year's R18 million following the negative impact of reduced profits on the borrowings.

Financial results

	2013 Rm	2012 Rm	% Change
Revenue	**8 524**	8 160	4
Operating profit	**272**	477	(43)
Operating profit margin (%)	**3,2**	5,8	
Profit before tax	**327**	495	(34)
Tax	**80**	163	
Profit for the year	**247**	332	(26)
Headline earnings	**169**	300	(44)

External revenue increased by 4%. Poultry reported a modest 2% increase in its external revenue. Although the average realisations for broilers increased 8,4% year on year, high industry stock levels forced planned production cutbacks during the year. Broiler sales volumes were 5,3% down as a result.

The Feed division contributed to the increased group revenue with a 14,2% increase on its external sales. External revenue of the Other Africa operations increased by 29,5%. Services and ventures' revenue is down on the previous year following the disposal of the East Balt bakery and a 25% interest in Nutec SA (Pty) Ltd (now Provimi SSA (Pty Ltd). The remaining business activities in this segment have been re-allocated to the Feed division and this segment will disappear going forward.

Operating profit at R272 million was 43% down on the previous year's R477 million. Adverse trading conditions were experienced by the poultry industry in particular at the beginning of the calendar year with record high feed costs and an oversupplied and overstocked poultry market. This situation prevented the recovery of high feed costs and other administered input cost increases. The group's Poultry division reported a trading loss of R109 million for the year.

The Feed division illustrated its strong trading position by recovering its increased input costs in both its inter-group and external market. A 15% increase in profit to R331 million was reported. The Other Africa segments reported strong growth in profit from R38 million to R45 million. Increased capacity in the poultry operation in Zambia and the establishment of a new Greenfield hatchery in Mozambique have supported this growth.

The group disposed of 25% of its interest in Provimi SSA (Pty) Ltd with effect from 1 December 2012. Although the statement of comprehensive income still includes the group's proportional share of profit and loss for two months, the investment was disclosed as assets and liabilities held for sale at the end of the previous year. A profit of R46 million was realised on the sale of the 25% interest, whilst the remaining 25%, now equity accounted, has been revalued resulting in a profit of R79 million on the transaction.

Net finance costs at R27 million increased on the previous year's R18 million following the negative impact of reduced profits on the borrowings.

Tax was provided at 28% for the South African operations and at the official tax rates of the tax jurisdictions in which the foreign operations conduct their business activities. The tax charge represent a combination of normal and deferred tax, and also includes a provision for capital gains tax on the profit on sale of investments.

Profit for the year at R247 million was 26% down on the previous year, and headline earnings which excludes, amongst others, the Nutec/Provimi profit on disposal, was 44% down at R169 million.

CHIEF FINANCIAL OFFICER'S REVIEW (continued)

Statement of financial position

	2013 Rm	2012 Rm
Non-current assets	**2 016**	1 840
Current assets (excluding cash)	**1 845**	1 648
Assets held for sale	**–**	31
	3 861	3 519
Equity	**1 728**	1 596
Non-current liabilities (excluding borrowings)	**511**	502
Current liabilities (excluding borrowings)	**1 359**	1 314
Net borrowings – Loans	**185**	28
– Cash and cash equivalents	**78**	79
	3 861	3 519

Non-current assets consist mainly of property, plant and equipment. Expenditure of R137 million was incurred to date on the construction of a new feed mill in Standerton, which will be commissioned in 2014. The balance of the capital expenditure amounts to R98 million whilst depreciation and amortisation was R123 million.

Current assets (excluding cash) increased by R195 million on the previous year. Higher sales in September 2013 relative to September 2012 resulted in an increase in trade and other receivables. The value for both inventories and biological assets was higher than the previous year due to increased input costs as well as high physical stock levels as a result of an oversupplied market.

Non-current liabilities (excluding borrowings) consist of deferred tax provision and a provision for post-retirement medical assistance (PRMA). The deferred tax provision stemmed from the utilisation of tax allowances on capital expenditure and the lower tax values for biological assets.

The PRMA is based on actuarial valuations of the future obligation at 30 September 2013. It is no longer a condition of employment for employees to receive PRMA. This provision is in respect of employees appointed prior to 2001 and is expected to reduce over time.

Current liabilities increased by 3% to R1 359 million.

Net borrowings include structure loan financing which at R185 million is well up on the previous year's R28 million; R148 million of the loan financing has been incurred to finance the construction of the new feed mill. Repayment of the loan will commence once the mill has been commissioned and repayments have been structured to match the expected benefits to be received from the mill.

The balance of the structured loan financing has been incurred by the Zambian operations to finance the further expansion of the hatchery breeder operations. It is expected that the loan will be repaid from future income to be generated from the expanded operations in Zambia.

Cash and cash equivalents are in a net borrowing position of R78 million and represent the utilisation of the bank overdraft facilities.

Cash flow for the year was severely impacted by the lower profitability and the increase in working capital of R151 million. No interim dividend for 2013 was declared which assisted in achieving an acceptable R13 million outflow in cash and cash equivalents for the year.

Higher sales in September 2013 relative to September 2012 resulted in an increase in trade and other receivables.

The group however was successful to keep debt levels at acceptable levels whilst incurring major capital expenditure on the new feed mill and other Africa expansion projects.

Ratios

The **net debt to equity** ratio of 15,2% increased on the previous year's 6,6%, however it included borrowings incurred of R185 million on major capital expansion projects.

The **return on net assets** at 12% is low due to the increased capital expenditure, increased working capital and in particular low profitability.

The **return on equity** is equally low at 14,8%, also due to reduced profitability.

The increase in the dividend cover to 2 times is a correction of the low cover for the last couple of years, which did not correct itself through increased earnings. No interim dividend has been paid due to the low profitability for the first half-year, however the improvement in profits during the second half of the year allows for the declaration of a dividend.

Conclusion

What was reported at the end of the previous year to be adverse trading conditions continued into the 2013 financial year. The group however was successful to keep debt at acceptable levels whilst incurring major capital expenditure on the new feed mill and other Africa expansion projects. These projects are expected to contribute to the profits of the group in the near future. The trading conditions for the poultry operations at 30 September 2013 were still not normalised, however strategies have been put in place to address the challenges facing the industry.

Daan Ferreira
Chief Financial Officer

Pretoria
6 November 2013

SEVEN-YEAR FINANCIAL RATIOS AND STATISTICS

		2013	2012	2011	2010	2009	2008	2007 [#]
Profit information								
Revenue	R million	**8 524**	8 160	7 227	7 006	7 407	6 853	6 329
EBITDA	R million	**394**	600	793	694	685	637	915
EBITDA margin	%	**4,6**	7,4	11,0	9,9	9,3	9,3	14,5
Operating profit	R million	**272**	477	675	585	581	548	808
Operating profit margin	%	**3,2**	5,8	9,3	8,4	7,8	8,0	12,8
Profit for year	R million	**247**	333	435	364	353	334	546
Headline earnings for year	R million	**169**	300	437	365	338	320	536
Financial position information								
Total assets	R million	**3 954**	3 565	3 425	3 157	3 174	3 157	2 867
Total equity	R million	**1 728**	1 596	1 586	1 446	1 366	1 328	1 308
Total liabilities	R million	**2 227**	1 969	1 839	1 711	1 807	1 829	1 559
Net assets	R million	**2 408**	2 107	2 012	1 950	1 918	1 791	1 663
Profitability and asset management								
Return on total assets	%	**7,2**	13,8	20,7	18,6	18,5	18,4	32,3
Return on equity	%	**14,8**	20,8	28,6	25,8	26,0	25,3	45,0
Return on net assets	%	**12,0**	23,2	34,1	30,3	31,3	31,3	54,8
Net asset turn	times	**3,8**	4,0	3,7	3,6	4,8	4,7	4,3
Shareholders' ratios								
Earnings per share	cents	**641**	865	1 128	940	906	858	1 387
Headline earnings per share	cents	**443**	787	1 148	960	890	840	1 381
Dividend per share	cents	**222**	672	810	760	700	700	700
Dividend cover	times	**2,0**	1,2	1,4	1,3	1,3	1,2	2,0
Stock exchange statistics								
Market value per share								
– At year-end	cents	**9 500**	10 400	11 700	11 150	10 399	9 650	12 100
– Highest	cents	**10 900**	13 200	13 956	11 939	11 200	15 490	14 347
– Lowest	cents	**8 530**	10 100	10 811	9 400	7 380	7 300	8 600
Closing dividend yield	%	**2,3**	6,5	6,9	6,8	6,7	7,3	5,8
Closing earnings yield [*]	%	**4,6**	7,6	9,8	8,6	8,6	8,7	11,4
Closing price/earnings ratio	times	**21,4**	13,2	10,2	11,6	11,7	11,5	8,8
Number of shares issued [@]	'000	**42 149**	42 149	42 149	42 136	42 136	42 136	42 728
Number of transactions		**45 653**	40 209	37 385	20 613	13 439	17 492	15 030
Number of shares traded	'000	**21 922**	24 820	17 890	18 873	18 411	23 646	25 027
Number of shares traded as a percentage of issued shares	%	**52**	59	42	45	44	56	59
Value of shares traded	R million	**2 064**	2 912	2 214	2 007	1 715	2 596	2 889
Closing market capitalisation	R million	**4 004**	4 383	4 931	4 698	4 382	4 066	5 170

(#) *Include sales to contract growers, now disclosed as internal revenue*

(@) *Refer to note 10 to the financial statements for the number of shares effectively in issue net of treasury shares*

(*) *Based on headline earnings per share*

Strategies have been put in place to address the challenges facing the industry.

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.

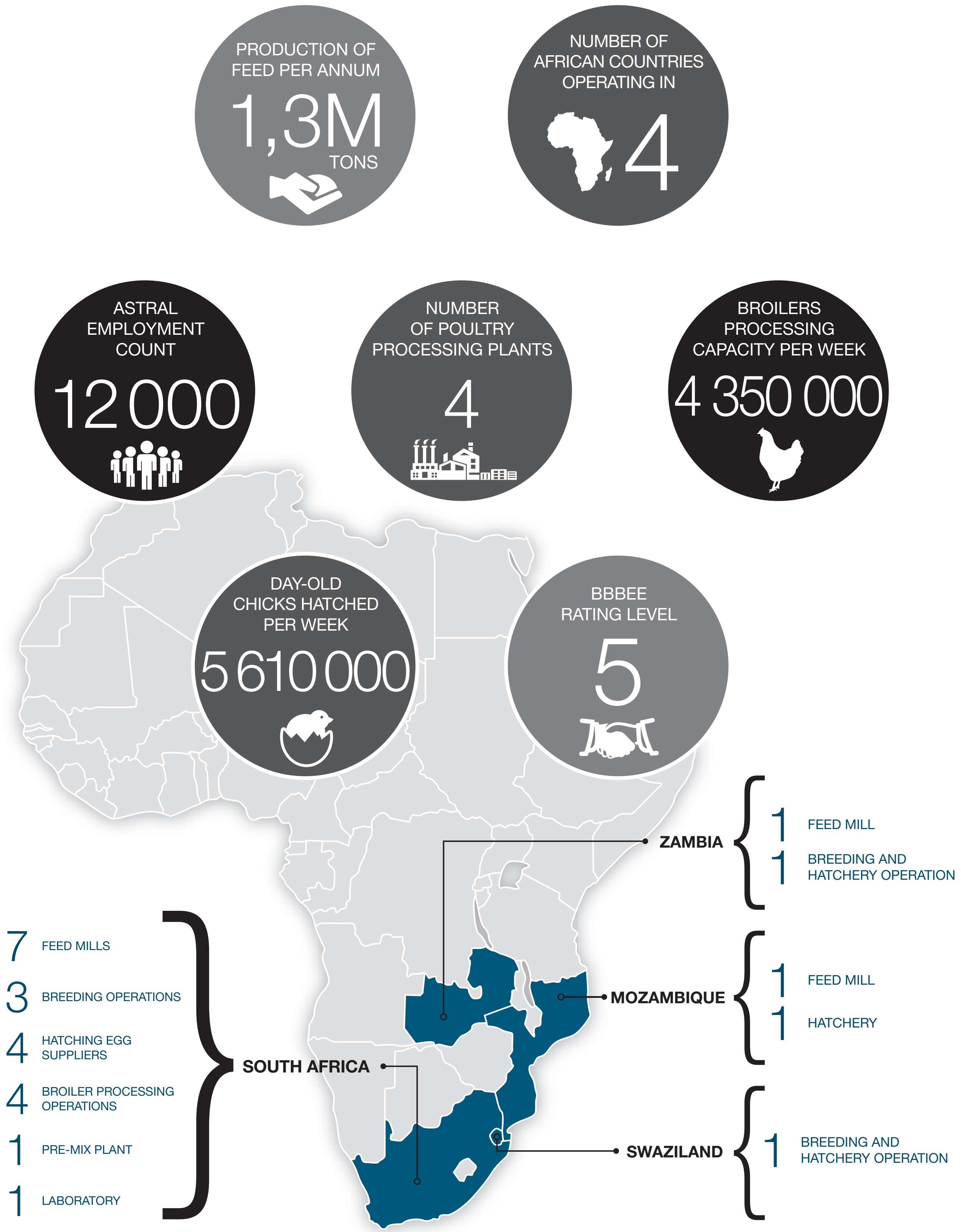
Closing earnings yield

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 FIGURES



OUR OPERATING ENVIRONMENT

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

Commodity availability/prices

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 company'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 of 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 higher levels of unemployment as a result of lower per capita disposable income. 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, particularly from Brazil and more recently the European Union, have had a significant impact on the local poultry industry.

The impact on the local poultry industry has been exacerbated by higher stock levels as poultry imports from Brazil and the European Union hit record highs (equivalent to approximately 8 million birds per week in October 2012) during the run up to the 2012 Festive Season.

The resultant imbalance in local supply and demand perpetuated in low selling prices and intense promotional activity during the first half of the 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 products
- Disposable income
- Urbanisation

RISKS AND MITIGATION

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.	• 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 pre-mixes are included in animal feed. Should this pre-mix not conform to the required specification with respect to micro-nutrient 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 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.

STAKEHOLDER ENGAGEMENT

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

Proactive and frank stakeholder engagement sits 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 CEO directly and information that is in the public domain is disclosed.

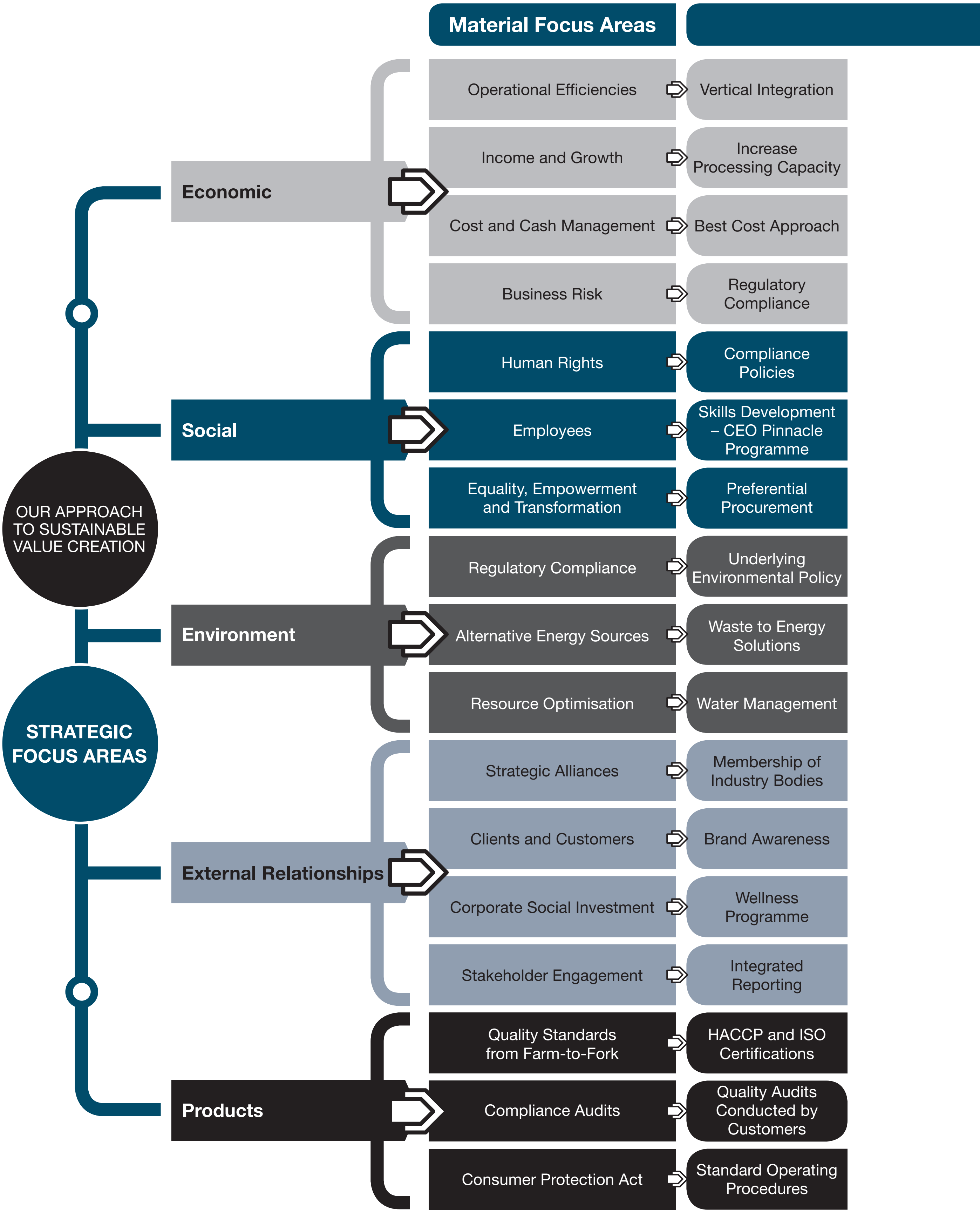
We also make use of external benchmarking and standards that are designed to reflect and address societal expectations.

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.

Additional information is available on pages 68 and 69.

MATERIAL FOCUS AREAS



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 Strong Balance Sheet	
Internal Control Environment	Internal and External Audits		Policies and Procedures	
Code of Ethics	Occupational Health and Safety			
Staff Retention	Leadership and Senior Management Succession Planning		Workplace Improvement Programme	
Overall BBBEE Rating	Employment Equity			
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			
Product Responsibility	New Products			
Community Investment				
Continuous, Open and Transparent Communication	Investor Roadshows	Press Releases	SENS Reporting	
Product Traceability	Hygiene Programmes			
Group Compliance Policy				

BOARD OF DIRECTORS

1. Jurie Johannes Geldenhuys (70)

(Independent non-executive director)
BSc (Eng Elec), BSc (Eng Mining), MBA
Director of companies
Appointed to the board on 24 May 2001

Chairman of the board from February 2008
Chairman of the nominations section of the Human Resources, Remuneration and Nominations Committee since 14 February 2013

Previously served on the boards of Anglovaal Limited, Avmin Limited and its various gold mines, and Iscor Limited (now ArcelorMittal South Africa). Served as the Chamber of Mines president (1993 – 1994) and on its Executive Council, Gold Producers' Committee and various chamber-related board committees.

Previously served on the Council of the Atomic Energy Corporation and on the National Water Advisory Council. Retired as managing director of Avgold Limited during 2001. Currently a director of the listed Exxaro Resources Limited (chairman of the safety and sustainable development committee and member of the transformation, remuneration, human resources and nomination committee, the social and ethics committee and of the audit committee).

2. Christiaan Ernst Schutte (53)

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, National Veterinary Services, Central Analytical Laboratories and East Balt. Appointed as chief executive officer of Astral Foods Limited on 1 May 2009.

3. Malcolm Macdonald (71)

(Independent non-executive director)
BCom, CA(SA)
Director of companies
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 GijimaAST Group Limited.

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4. Nombasa Tsengwa (48)

(Independent non-executive director)
BSc, MSc, PhD (Biotechnology)
General Manager: Coal Captive Mines, Exxaro Resources Limited
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.

5. Theunis Eloff (58)

(Independent non-executive director)
BJur (Econ), ThB, ThM, ThD.
Vice-Chancellor of North-West University
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

Completed studies at Potchefstroom University (now North-West University). Ordained as minister of religion of a congregation at the University of Pretoria. Completed Doctorate in Theology with a dissertation on "Government, Justice and Race Classification". Left the ministry in 1989 and joined the Consultative Business Movement and was appointed as Executive Director in 1990.

In 1995 appointed as Chief Executive of the National Business Initiative. Served on the Economic Advisory Council of the Northwest Province, the Board of Business Against Crime and the Board of the Centre for Conflict Resolution. In 2002 became Vice-Chancellor of the Potchefstroom University for Christian Higher Education. In 2004 became Vice-Chancellor of the newly merged North-West University. Past deputy chairman and chairman of Higher Education South Africa (HESA) and the Association of Commonwealth Universities (ACU). Past vice-president and president of the Afrikaanse Handelsinstituut (AHI) from 2009 to 2012.

6. Izak Stephanus Fourie (66)

(Independent non-executive director)
BCom, CA(SA)
Director of companies
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 COO 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 Committee and a member of their human resources and remuneration committee.

BOARD OF DIRECTORS (continued)

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7. Tshepo Monica Shabangu (42)

(Independent non-executive director)
BProc, LLB, LLM
Attorney and Notary Public
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. Currently a member and immediate 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. Tshepo serves as trustee on various trusts.

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

8. Daniel Dirk Ferreira (57)

BCom, B Compt (Hons), CA(SA)
Financial Director
Appointed to the board
on 1 May 2009

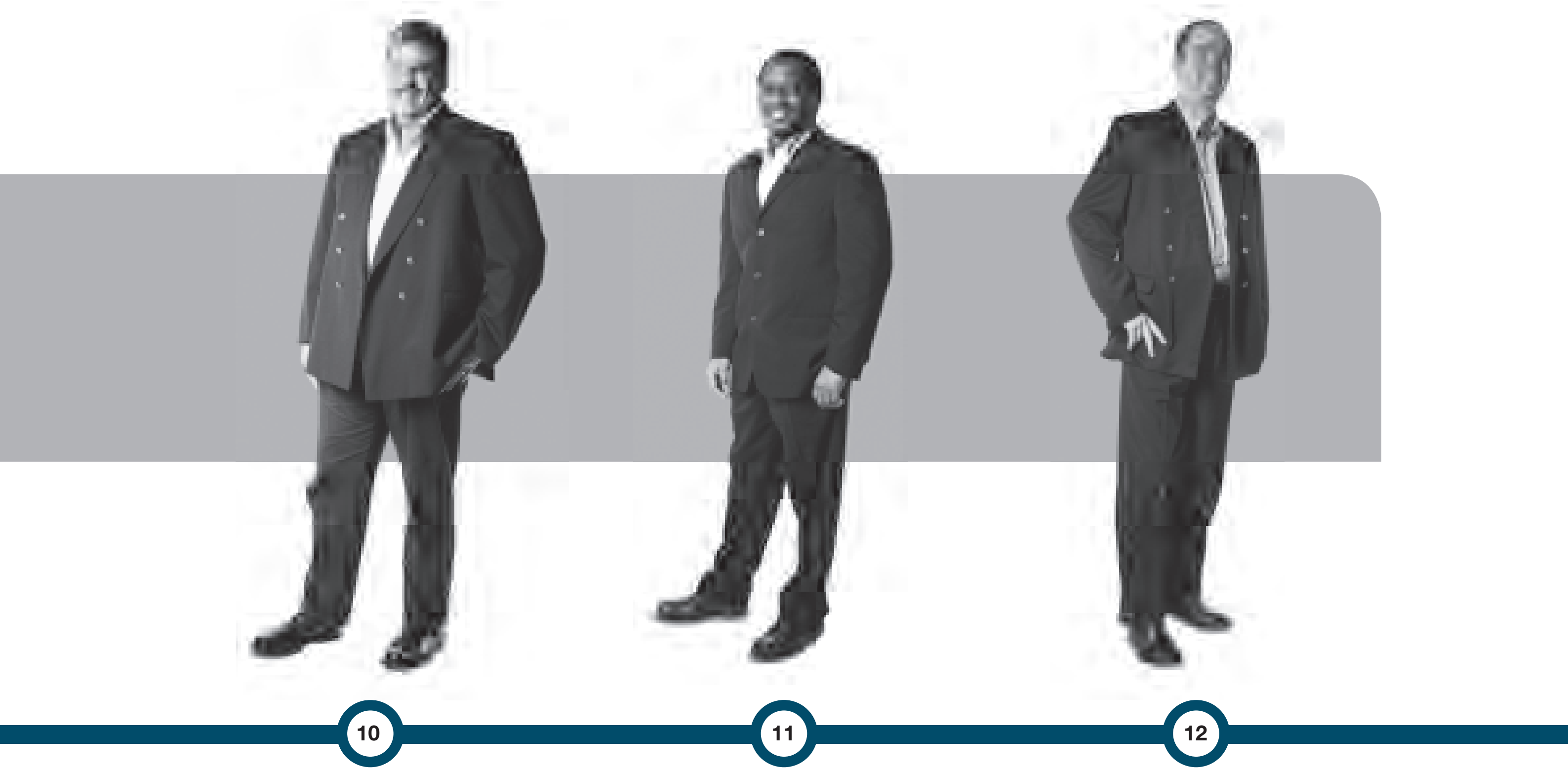
Employed by ICS Group Limited before the acquisition of ICS by Tiger Brands, where he held positions in operational, financial management, tax management, project management and later as group financial manager. He later joined Genfood as group financial manager for two years before joining Astral in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

9. Takalani Patricia Maumela (45)

(Independent non-executive director)
BCur, MBL
General Manager
Appointed to the board
on 1 July 2013

A seasoned manager in the health care 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.



10. Theo Delport (53)

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 manager marketing. 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.

11. Obed Mooki Lukhele (38)

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.

12. Gary Desmond Arnold (41)

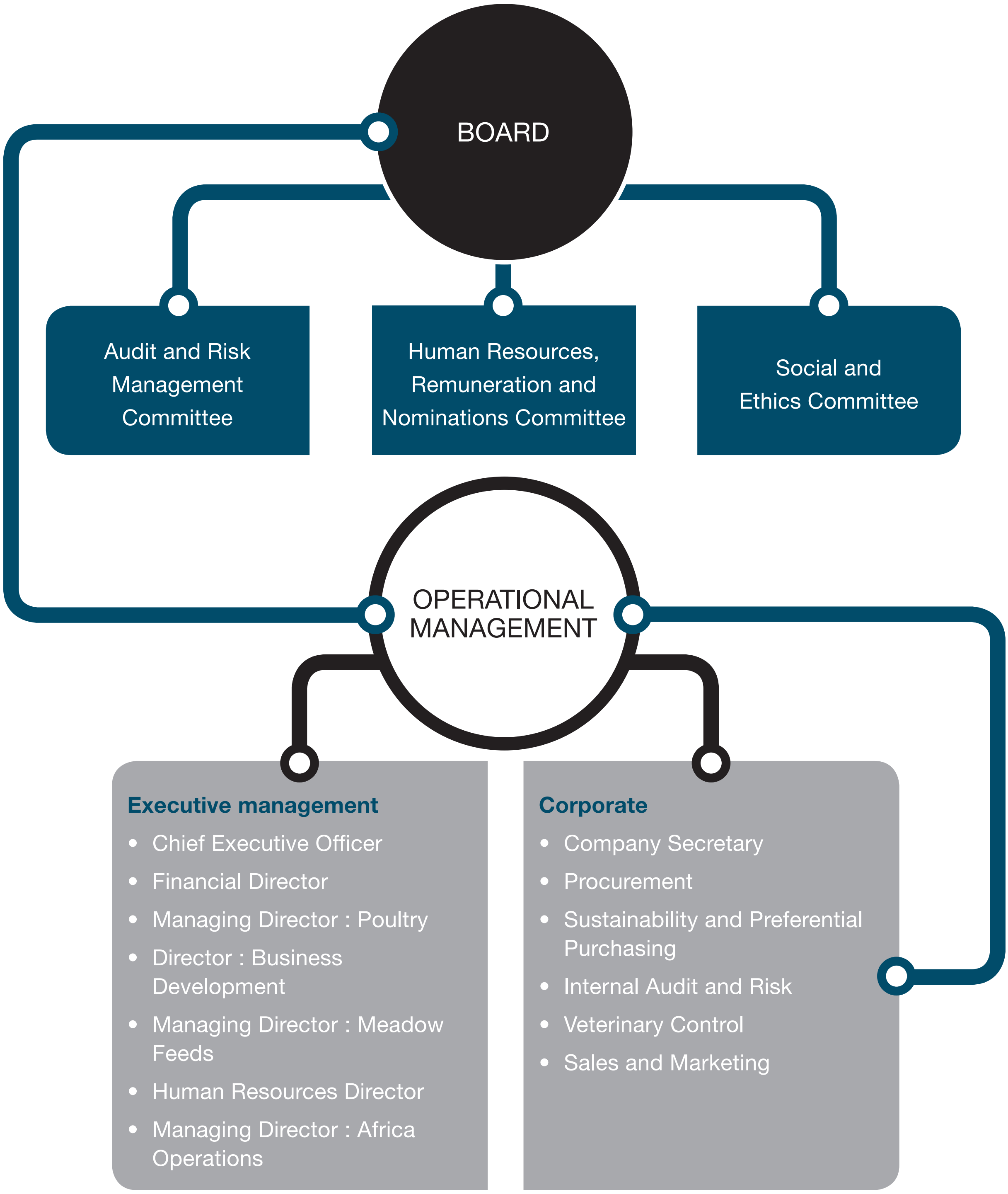
BSc Agric (Hons), MSc Agric, MBA, Pr.Sci.Nat.
Director: Business Development
Appointed to the board
on 1 March 2012

Member of the Social and Ethics Committee from November 2011

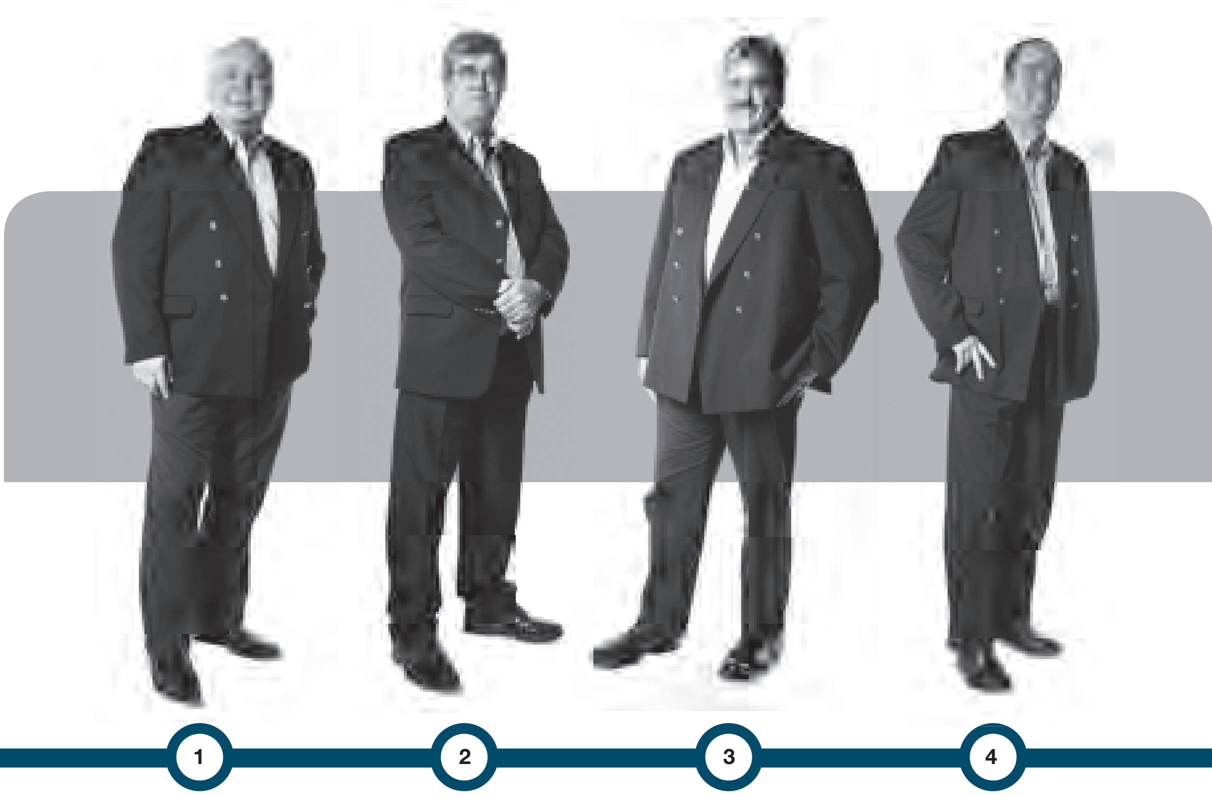
Started his career in 1997 as Animal Nutritionist for Meadow Feeds Delmas and Meadow Feeds Welkom. In 1998 he was appointed as the Technical Manager for Meadow Feeds Delmas, and in 2001 appointed as the Technical Manager for Meadow Feeds Northern Region. In 2004 he was appointed as the Managing Director 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.

GOVERNANCE STRUCTURE



EXECUTIVE MANAGEMENT



1. Chris Schutte (53)

Chief Financial 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 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 in 2009.

2. Len Hansen (62)

Human Resources director, Astral Operations Limited
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 4 years at Atlas Meats and Bull Brand as Human Resources Manager. Joined Genfood in 1998 as human resources director. Appointed at Astral Foods 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.

3. Theo Delport (51)

Managing director Poultry division, Astral Operations Limited
Appointed as a director of Astral Operations Limited in March 2009

Spent the last 29 years in the fast moving consumer goods industry, of which 4 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. He was appointed to the position of managing director of Astral's Poultry division in March 2009.

4. Gary Desmond Arnold (41)

Director: Business Development, Astral Operations Limited
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 completed in 2005. Gary is a registered Professional Animal Scientist. Appointed as the managing director of NuTec on 1 August 2004, and later appointed 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.

EXECUTIVE MANAGEMENT (continued)

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5. Daan Ferreira (57)

Financial director
Appointed as a director of Astral Operations Limited in May 2009

Held various positions in operational financial management, tax management, project management before jointing Astral as group financial manager in 2001.

6. Andy Crocker (43)

Managing director, Meadow Feeds, Astral Operations Limited
Appointed as director of Astral Operations 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 KZN and a Masters in Business Management degree 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.

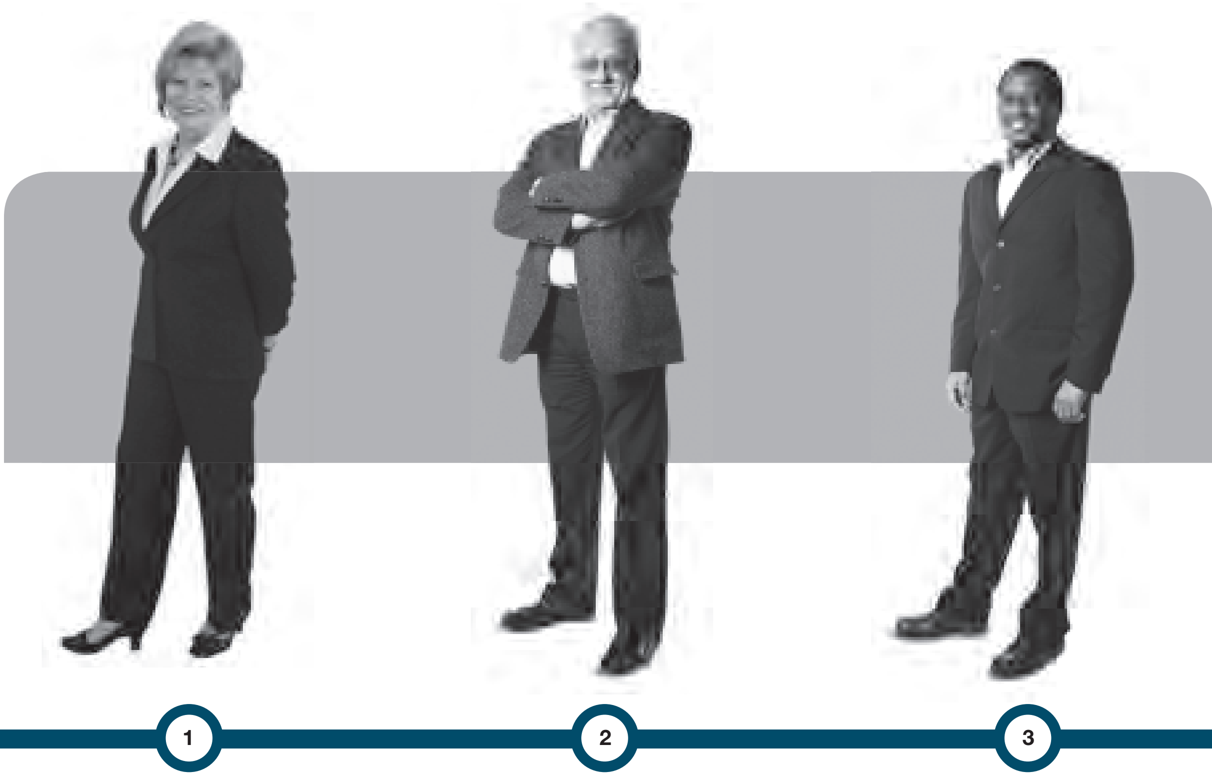
7. Roedolf Steenkamp (47)

Managing director, Africa Operations, Astral Operations Limited
Appointed as director of Astral Operations Limited in June 2009

He holds a B.Com degree and has also completed a course in Business Development, both from the University of Pretoria. Joined Astral in 2002 as General Manager of the feed milling operations in Zambia and Zimbabwe. During 2005, he was promoted to chief operating officer – Africa and the mill in Mozambique was added to his responsibilities.

Has 14 years' experience in feed milling, having also spent 4 years in sales and marketing at South African Breweries, before moving to Epic Foods as export manager. He serves on the board of the Animal Feed Manufacturers' Association of South Africa (AFMA). Since 2012 he is responsible for all the African operations of Astral Operations Limited.

CORPORATE SERVICES



1. Maryna Eloff (60)

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.

2. Willem Stander (56)

Procurement Executive
Appointed: February 2001

Obtained a B.Sc.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.

3. Obed Lukhele (38)

Group Veterinary Director
Appointed: May 2007

Obtained a veterinary degree from 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 as veterinary technical manager and two years later, was appointed as group veterinary director.

CORPORATE SERVICES (continued)

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4. Phil Tozer (55)

Sales and Marketing Executive
Astral Foods Poultry division
Date appointed: October 2008

A total of 33 years' experience in FMCG industry of which the last 22 have 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 5-year period as sales director for retail and wholesale. Joined Astral Foods in October 2008 as sales and marketing executive for Earlybird Farm and subsequently appointed Sales and Marketing Executive for Astral Poultry division in August 2010.

5. Anil Rambally (41)

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 SA in 1999, a subsidiary of Astral and progressed through the ranks. Appointed Executive Manager: Preferential Purchasing in February 2010, and Executive Manager: Sustainability and Preferential Purchasing in December 2010.

6. Evert Potgieter (43)

Audit and Risk Executive
Date appointed: November 2006

After the completion of his B.Comt. 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 Auditor 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.

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 its 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 will address these aspects once the financial position of the company has improved.
- Implementation of measurable corporate citizenship programmes and policies: the Social and Ethics Committee will address these issues during 2013/14.
- 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 group 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.
- Non-executive directors remuneration 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 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:

- 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 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; and
- Social transformation, ethics, safety, health, human capital, and environmental management policies and practices must be monitored and reported on regularly.

CORPORATE GOVERNANCE (continued)

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.

We have a unitary board structure, presently comprising twelve directors, including seven independent non-executive directors. The roles of chairman and chief executive 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 pages 92 and 93 of this report.

In September 2013, an evaluation of each of the non-executive director's 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. JJ Geldenhuys and M Macdonald have served on the board for a period longer than nine years and the board believes that each of them has retained independence of character and judgement and has not formed associations with management (or others) that might compromise their ability to exercise independent judgement or act in the best interests of the group. The board is of the opinion that they make a significant contribution to the work of the board and that their deep knowledge of the group and broad business experience remain especially important, in particular in their respective roles as chairman of the board and chairman of the Audit and Risk Management Committee, respectively. No director is disqualified in terms of the criteria for independence as laid down by the JSE Listings Requirements or by King III. JJ Geldenhuys has been the chairman of the board since February 2008. We currently have four historically disadvantaged South African directors on the board of whom three are independent non-executive directors.

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 board service or his 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 CEO 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 together with their CV's appear on pages 36 to 39 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. All the directors due to retire are independent non-executive directors. TP Maumela and TM Shabangu were appointed as independent non-executive directors on 1 July 2013 and, in terms of the memorandum of incorporation, they will retire and will offer themselves for re-election at the forthcoming annual general meeting.

TCC Mampane resigned as an independent non-executive director on 14 February 2013.

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.

King III 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.

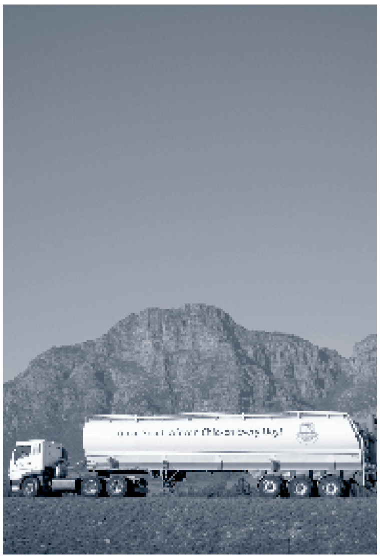
The board periodically reviews the mix of skills and experience available within the board. Procedures for appointment to the board are formal and transparent and are vested in the board and include detailed screening of nominees to ensure that they meet the eligibility requirements as laid down in the 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 board;
- Chief Executive Officer's evaluation;
- Chairman's evaluation; and
- Company Secretary's evaluation.

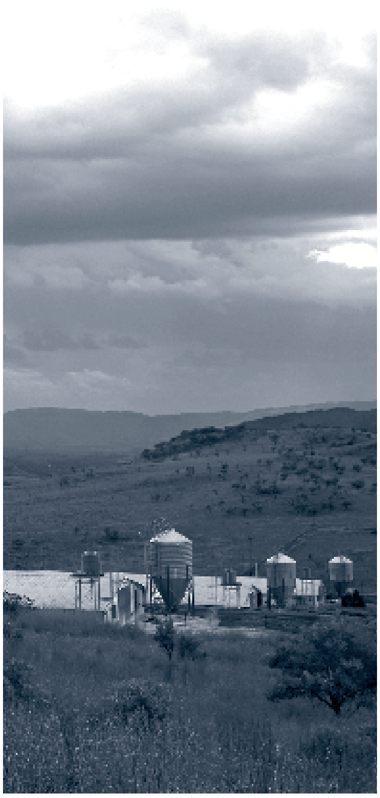
Strategic planning meetings take place at least every second year, and progress on strategic objectives are reviewed at every board meeting.

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.



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 were held during the past year. Additional board meetings may be convened when necessary.

Attendance at meetings was as follows:

Board

	2012	2013		
Director	**7.11**	**14.2**	**8.5**	**13.8**
GD Arnold	√	√	√	√
T Delport	√	√	√	√
T Eloff	√	√	√	√
DD Ferreira	√	√	√	√
IS Fourie	√	√	√	√
JJ Geldenhuys	√	√	√	√
OM Lukhele	√	√	√	√
M Macdonald	√	√	√	√
TP Maumela	#	#	#	A
TCC Mampane	A	+	+	+
CE Schutte	√	√	√	√
TM Shabangu	#	#	#	√
N Tsengwa	√	√	√	√

√ Present
 # Appointed on 1 July 2013
+ Resigned on 14 February 2013
A Submitted apologies and granted leave of absence

Audit and Risk Management Committee

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

	2012		2013
Director	**11.10**	**6.11**	**7.5**
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:

	2012	2013	
Director	**6.11**	**27.2**	**7.8**
IS Fourie	√	√	√
JJ Geldenhuys	√	√	√
TCC Mampane	A	#	#
N Tsengwa	√	√	√

√ Present
A Submitted apologies and granted leave of absence
 # Resigned on 14 February 2013

The Audit Committee has become a statutory committee in terms of the new Companies Act.

Social and Ethics Committee

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

	2013		
Director	**30.1**	**25.4**	**13.8**
GD Arnold	√	A	√
T Eloff	√	√	√
LW Hansen	√	√	√

√ Present
A Submitted apologies and granted leave of absence

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

	Fixed fee per annum R'000
Chairman of the board	500
Member of the board	200
Chairman of the Audit and Risk Management Committee	151
Member of the Audit and Risk Management Committee	79
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 commence on page 48 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 King III, shareholders are required to elect the members of this committee 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 three 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.

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.

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;

CORPORATE GOVERNANCE (continued)

- 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; and
- 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 King III and the JSE Listings Requirements:

- the independence of the external audit function;
- the competence of the financial director and the finance function of the company; and
- the integrated report.

Divisional audit committee meetings are scheduled twice a year at every business unit. These meetings are chaired by the Financial Director, 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 company 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; and
- 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.

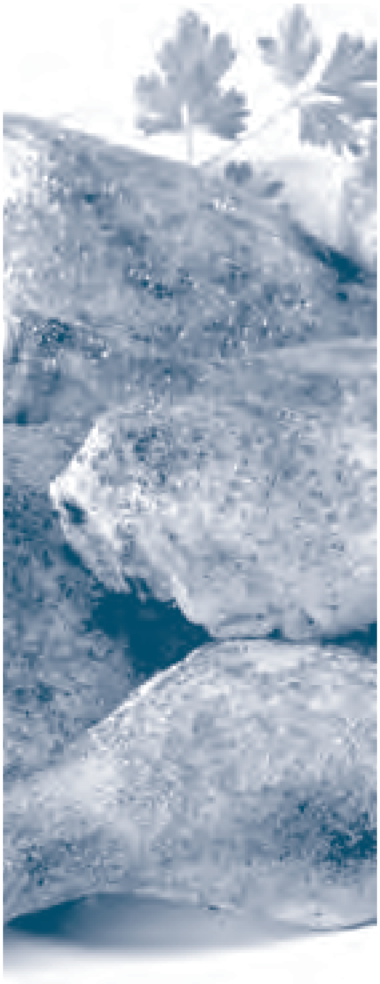
Members of the Audit and Risk Management Committee:

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.



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

The internal audit department is staffed by qualified and experienced internal auditors and operates within a charter approved by the board, 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.

For more information regarding the activities of the Audit and Risk Management Committee, please refer to the Audit and Risk Management Report on pages 88 to 90.

Information Technology (IT)

The board has delegated responsibility for information technology to the Audit and Risk Committee, but retains overall accountability.

An IT Charter, aligned to the King III has been implemented. The IT Strategy is reviewed by the Audit and Risk 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 and the management of all IT functions;
- relevant standards and processes that are subject to audits, reviews and benchmarks; and
- 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 capex projects and would thus, based on value, be submitted to the board for approval.

A formalised disaster recovery 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.

Integrated reporting

The committee oversees integrated reporting, and in particular:

- Takes cognisance of all factors and risks that may impact on the integrity of the integrated annual report including matters that may pre-dispose 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; and
- 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

CORPORATE GOVERNANCE (continued)

based on the fact that sustainability reporting formed part of the budget process followed this year where each business unit prepares its own report which is 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 88 to 90.

The Human Resources and Remuneration 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 nomination, are chaired by the Chairman of the board.

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
JJ Geldenhuys (chairman for nominations function)	Yes	May 2004 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 and ensures that the procedures for appointments to the board are formal and transparent, by making recommendations to the board on all new board appointments.

Further information regarding the activities of the committee is available in the Remuneration Report on pages 56 to 59.

Social and Ethics Committee

A Social and Ethics Committee has been appointed consisting of three members. A formal mandate and terms of reference has been approved by the board. During 2012 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:

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

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 environmental issues; and
  - one member who is an expert on theology and ethics; and
- 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;
- 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 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 Social and Ethics functions of the committee, refer to the Social and Ethics Committee Report on page 60.

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 CEO and ultimately to the board.

CORPORATE GOVERNANCE (continued)

The board accepts overall responsibility for the adherence to the Code of Ethics. The Code of Ethics is reviewed on a regular basis by the Social and Ethics Committee.

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 JSE Listings Requirements.

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

We manage a dedicated programme to engage with analysts, investors and large individual shareholders.

and results of the previous year. Working capital requirements and borrowing levels are monitored on an ongoing basis and corrective or remedial action 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 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 43.

The group 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 group company secretary's arm's length relationship with the board, the following factors are taken into consideration:

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

The annual assessment concluded that the group 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 group 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 page 33 and pages 67 to 72 of the Sustainable Development Review.

Whistleblowing 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.

REMUNERATION REPORT

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

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 2013 were: IS Fourie, JJ Geldenhuys and N Tsengwa. N Tsengwa was elected as chairman of the committee during the year, however JJ Geldenhuys chaired the meeting with regard to nomination matters.

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 legal requirements, 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 PricewaterhouseCoopers Inc. 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

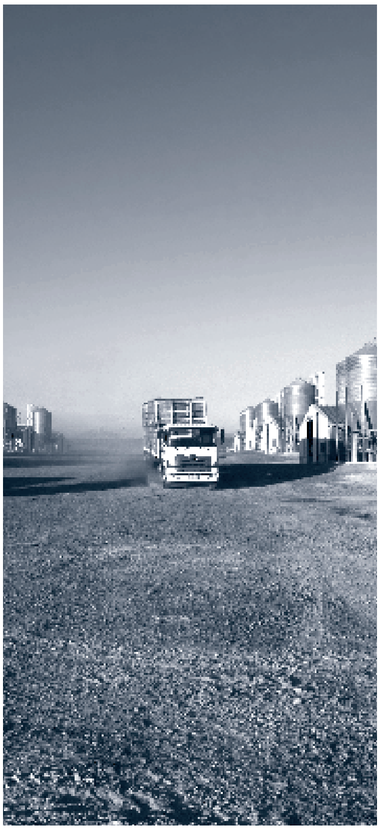
Astral is committed to a reward philosophy that prevails throughout the group, and one which focuses on rewarding consistent and sustainable individual and corporate performance.

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, needed 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 incorporates base pay, car allowance, provident fund and medical aid). TCOE packages do not include annual cash incentives or long-term incentives.

Guaranteed packages are structured to be in line with the median of the market but with the proviso that for key talent, 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.

Top management participate in a scheme that improves Economic Value Added (EVA). Senior management participate in a scheme which is based on a 50% EVA target and a 50% PBIT target.

The committee sets an annual EVA threshold for the group as a whole. A target bonus, as a percentage of Cost of Employment (COE), is determined according to the different levels of Patterson D (43%), E (48%) and Top Management (60%) within the group. Sharing percentages are set for each participant. Participants are advised in writing of their sharing percentage and as to whether they share in the excess EVA and Profit Before Interest and Tax (PBIT) of the group or that of the Division or a specific Business Unit.

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

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

- **Long-term 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.

REMUNERATION REPORT (continued)

The performance conditions are measured over three years and are based on an above-threshold increase in Headline Earnings per Share (HEPS) and broiler Performance Efficiency Factor (PEF).

Long-Term Retention Bonus Scheme (2009).

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

Category 1	Top management – Defined performance conditions must be met. However, 25% of allocated amount is guaranteed.
Category 2	Lower management and anybody included in the scheme – No performance conditions are set.

Allocation

The levels of allocation must be approved by the Human Resources, Remuneration and Nominations Committee and are used as a guideline by the chief executive officer for future allocations.

Performance conditions

The performance conditions are measured over three years and are based on an above-threshold increase in Headline Earnings per Share (HEPS) and broiler Performance Efficiency Factor (PEF).

PEF is an internationally recognised standard to measure performance on broiler farms. The live weight of the bird, the feed conversion ratio (FCR), liveability and the age when slaughtered are used in the formula to calculate the PEF.

The Human Resources, Remuneration and Nominations Committee reserves the right to change the performance conditions for new LRP amounts awarded.

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

Payments for the first cycle, which ended 30/09/2012 will be made in the following manner:

- 1⁄3 in January 2013
- 1⁄3 in January 2014
- 1⁄3 in January 2015

The new allocation, based on new performance conditions will be paid in full in January 2016.

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 notice periods are 60 days. In line with 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 policy when terminating the services of an individual for operational reasons is to pay a minimum of two weeks 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

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 92.

At its meeting in February 2013, the Human Resources, Remuneration and Nominations Committee assessed the levels of funding and benefits of the AFRF Provident Funds and satisfied itself 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.

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 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 committee and approved in advance by shareholders at the annual general meeting. Fees for the 2012/13 financial year were reviewed by the committee and the board in August 2012 and approved by shareholders at the annual general meeting in February 2013. These fees apply until the next AGM.

Astral's policy on remuneration for non-executive directors is:

- 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 director fees set out in the notice of annual general meeting commencing on page 145 of this integrated annual report at the annual general meeting to be held on 13 February 2014.

For information regarding fees for performing duties as non-executive director and member of the various board committees, refer to pages 48 and 49.

For information regarding non-executive directors' emoluments, refer to the Directors' and Prescribed Officers' Remuneration Report commencing on pages 92 and 93.

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 commencing on pages 92 and 93.

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

Employee 1	R3 164 490
Employee 2	R2 631 000
Employee 3	R2 628 340

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

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. At 30 September 2013, the committee comprised T Eloff (chairman), G Arnold and L Hansen. The chairman is an independent non-executive director.

A formal mandate and terms of reference were 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:

  Ms Julie Lakay, Mr Daniel Tshabalala and Mr Simon Zondi

- Three members who are members of a registered profession:

  Prof Angela Itzikowitz, Ms Kavita Kalicharran and Prof Koos Vorster

- Three members who represent the community and public interest:

  Mrs Linda Knox, Mr Nicholas Selepe and Dr Christa 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.

The work plan includes the monitoring of the company's adherence to ethical conduct and/or compliance in the following areas:

1. The United Nations Global Impact Principles (including human rights, labour, environment, anti-corruption).
2. Social and Ethical Awareness (including a survey).
3. Community engagement and donations.
4. Consumer development (ensuring compliance with the Consumer Protection Act).
5. Environmental and sustainability reporting (investigating areas outside the scope of the Audit and Risk Management Committee).

Marketplace	**Workplace**
Corruption prevention	Decent work
Economic development	Employment equity
Broad-based black	Employee safety and health
economic empowerment	Education of employees

Social environment	**Natural environment**
Consumer relations	Environmental impact
Community development	
Public health and safety	
Consumer protection	
Donations and sponsorships	

During the year, the committee confirmed that written policies and/or procedures were in place for the following areas of compliance:

- Support and respect for the protection of internationally proclaimed human rights;
- The Consumer Protection Act;
- Diseases Control legislation;
- Credit legislation; and
- Human resources legislation.

The committee identified the need to measure the ethical climate within the group and has called for quotations from independent assurers.

Theuns Eloff
Chairman

Pretoria
6 November 2013

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.

Introduction

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 sub-committees. 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; and
- 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.

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 61 to 80).
Company secretary	Corporate governance, including all aspects related to the King Code (see pages 45 to 55).
Finance	Managing and providing advice on the company's finances, putting in place policies, procedures and systems to protect the company from fraud and corruption and ensuring economic sustainability (see pages 84 to 142).
Human resources	Skills development, recruitment, transformation, protecting employee human rights, implementing the company's HIV and AIDS strategy.

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:

SUSTAINABILITY (continued)

- monthly health and safety meetings;
- bi-monthly corporate risk management meetings;
- quarterly operational risk management meetings;
- semi-annual audit committee meetings; and
- an annual risk management meeting.

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 ("KPI's") 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 45 to 55. 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 Ethics Code 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 page 32.

We are committed to ensuring that all information provided in this report is accurate.

Economic sustainability practices

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

Social aspects

Issues

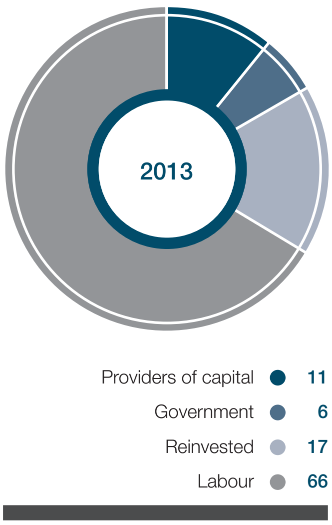
- Broad-based black economic empowerment

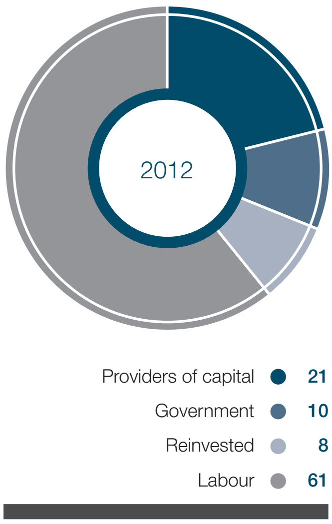
Value-added statement

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.

	2013 R'000	%	2012 R'000	%
Value-added				
Sales of goods and services	8 523 976		8 160 078	
Less: Cost of materials and services	(7 052 656)		(6 538 150)	
Value-added from trading operations	1 471 320	99,9	1 621 928	99,6
Income from investments	937	0,1	6 396	0,4
Total value added	1 472 257	100,0	1 628 324	100,0
Value distributed				
To labour	984 098	66,8	979 363	60,1
To government	86 595	5,9	169 407	10,4
Tax	79 583		162 646	
Skills development levies	7 012		6 761	
To providers of capital	156 381	10,6	348 084	21,4
Dividends to shareholders	128 542		323 713	
Interest on borrowings	27 839		24 371	
Total distributions	1 227 074	83,3	1 496 854	91,9
Income retained in the business	245 183	16,7	131 470	8,1
Depreciation/Amortisation/Impairments	126 426		122 683	
Retained profit for year	118 757		8 787	
Total value distributed and reinvested	1 472 257	100,0	1 628 324	100,0

VALUE DISTRIBUTED
(%)





SUSTAINABILITY (continued)

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.

Meadow Feeds Central Region extended a helping hand to the Wetnose Animal Rescue Centre

On 17 August 2013, a raging fire destroyed ±12 hectares of grassland on the property of the Wetnose Animal Rescue Centre. This fire caused a huge shortage of animal feed as the centre houses approximately 400 homeless animals. Meadow Feeds Delmas immediately donated 47 bales of grass which was purchased from a local agent, valued at R16 500 and Meadow Feeds Randfontein donated 275 bags of Sweet Feed Pellets and 20 bags of Supreme Grower pig feed to the total value of R38 000.

- 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:

	2013		2012	
	AIC	White	AIC	White
Board	4	8	3	8
Executive	3	24	2	20
Senior management	6	55	7	58
Middle management	66	120	57	126
Skilled upper/technical	268	251	277	262
Semi-skilled/apprentice/trainee	2 600	139	2 700	196
Labourers/unskilled	3 674	5	3 584	13
Total	**6 620**	**602**	6 630	683

Note 1: Employee categories are defined using the Patterson grading methodology.
Note 2: Including non-executive directors.

Number of employees at the end of September – group

	Feed		Poultry		Other Africa		Corporate		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Permanent	834	774	6 804	6 944	436	430	20	19	8 094	8 167
Contract	255	326	3 279	3 356	–	–	–	–	3 534	3 682
Total	**1 089**	1 100	**10 083**	10 300	**436**	430	**20**	19	**11 628**	11 849

We comply with the Occupational Health and Safety Act or similar legislation in other countries.

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.

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.

Health and Safety

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.

2013	Farming operations	Processing operations	Milling operations	Total
Number of fatalities	0	0	2	**2**
Number of first aid cases	23	481	29	**533**
Number of medical treatment cases	46	117	7	**170**
Number of disabling injuries	81	112	21	**364**
Number of recordable injuries	150	710	59	**1 069**
Lost Time Injury Frequency Rate 2013	1.83	2.08	1.33	**1.22**
Lost Time Injury Frequency Rate 2012	*1.47*	*2.30*	*2.04*	***1.74***

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.

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%. This figure was determined through a voluntary counselling and testing update.

SUSTAINABILITY (continued)

All our operations comply with the Employment Equity Act and annual reports are submitted to the Department of Labour.

Mr Cobus Buckle, Best Student of the Pinnacle Middle Management Programme, being congratulated by the Chairman and the Managing Director: Feed.

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

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

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

We introduced a wellness programme during 2009 focusing on:

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

The past financial year Astral spent R5,6 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).

The first Middle Management group, of which 50% were from the designated group, had a pass rate of 90%. The first Advanced Management group, of which 43% were from the designated group, had a pass rate of 100%. The best achievers in both these programmes are shown below.

Other training and development interventions that we focus on are:

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

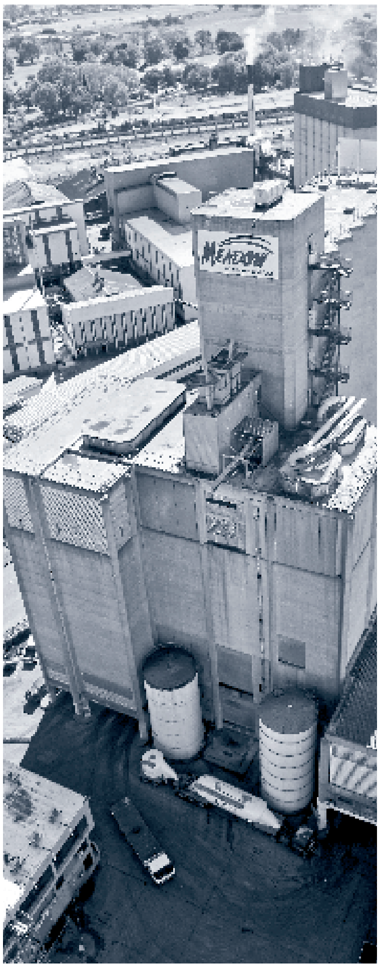
We are committed to the Skills Development Act. Our submission of skills development plans and our implementation against targets have ensured the maximum benefit in this regard. We have appointed 30 apprentices (electricians, millwrights, fitters and turners) with assistance from the Sectorial Training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

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. Our staff turnover is below 4%, with the exception of County Fair in the Western Cape where the staff turnover is problematical due to societal circumstances.

Ms Nikki Moodley, Best Student of the Pinnacle Advanced Management Programme being congratulated by the Chairman and the Managing Director: Feed.



Human rights are central to our legitimacy and are addressed in our code of ethics.

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.

"Tip-Offs Anonymous" Data	2013	2012
Number of calls received	42	62
Number of reports generated	13	28
Number of reports investigated	12	25
Number of convictions	2	1

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

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. We can claim that we have made the best progress in South Africa with the implementation of the 20 Keys Programme.

Five farming operations have been awarded the International Excellence Award. South Africa also hosted the International 20 Keys Study Mission and conference. The group with representatives from Japan, Russia, United Kingdom, Croatia, Egypt, Tanzania, Kenya and Botswana visited Meadow Randfontein and were very impressed with the level of implementation of the 20 Keys Programme.

Stakeholders

Issues

- Stakeholder engagement
- Consumers
  - Product responsibility
- Customers
- Suppliers
  - Preferential procurement
  - Contract growers
  - Packaging and ingredient suppliers
- Membership of industry organisations
- Employees
- Regulators and compliance

SUSTAINABILITY (continued)

Five farming operations have been awarded the International Excellence Award. South Africa also hosted the International 20 Keys Study Mission and conference.

- 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.

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.

Stakeholders	Communication
Stakeholders and other providers of capital	Website
	SENS announcements Trading updates Bi-annual results announcements 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

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

Astral's branded chicken products are distributed widely and reach consumer groups across the spectrum of society.

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

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.

SUSTAINABILITY (continued)

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.

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 twelve 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 accommodate the legislative changes to the BEE scorecard from preferential procurement to enterprise development.

Contract growers

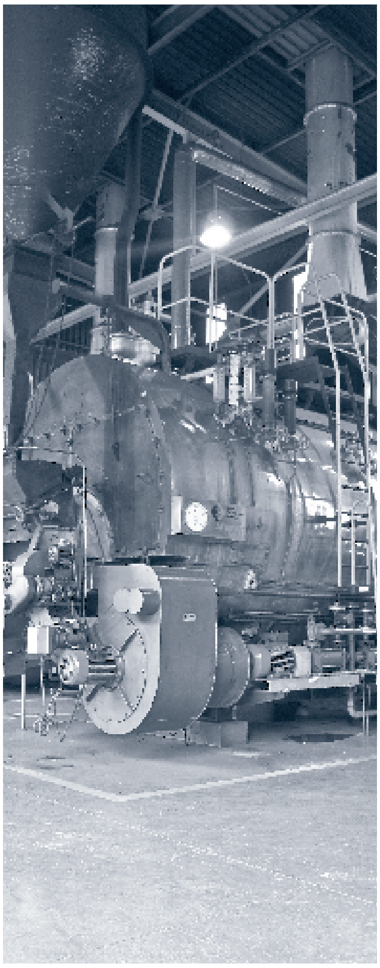
We make use of contract growers at our Earlybird Farm operations and are continuously seeking opportunities to expand the number of contract growers, especially those that have a BBBEE component involved.

Contract growers	2013	2012
Total number of contract growers	**73**	71
Number of BBBEE contract growers	**11**	10

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

The BEE scorecard is the key instrument used to direct preferential procurement activities and a BEE supplier database is maintained to ensure compliance.



and controls have been established to prevent potential risks occurring such as the notorious Melamine food contamination scandal in previous years.

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.

SUSTAINABILITY (continued)

Poultry	HACCP	Retail	Halaal	Export	Other
Earlybird Olifantsfontein	SANS 10330	FSA A-rating	MJC status	Approved	Q Pro
Earlybird Standerton	SANS 10330	FSA A-rating	MJC status	Approved	
Earlybird Further Processing	SANS 10330	FSA A-rating	MJC status	Approved	
Earlybird Camperdown		FSA B-rating	SANHA status		
					Q Pro
County Fair – Hocroft	SANS 10330	FSA B-rating	MJC status	Approved	SAI Global
County Fair – Epping	SANS 10330	FSA B-rating	MJC status		

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

Feed	ISO 9001:2008	ISO 22000: 2005
Meadow		
– 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

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

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:

	Rand
Education	107 830
Skills development, including adult basic education	1 148 930
Health, including HIV/AIDS	5 600 000
Basic needs and social development, including nutrition and/or feeding schemes	551 340
Enterprise development	13 000 000
Infrastructure development	28 000
Arts and culture	–
Other	92 400
Total	**20 528 500**

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.

Meadow Feeds was the first company to receive the Afri Compliance certification under the new Ros International Certification classification. Afri Compliance recently aligned itself with the international United Registrar of Systems to improve their services and ensure that their processes were of the highest quality.

The certificates were presented to the Managing Director of Meadow Feeds, the Chief Operating Officers of Meadow's various mills and the General Manager of CAL at the Animal Feed Manufacturers Association's congress held at Sun City.

Some of the significant CSI projects supported by the group during the year include:

- County Fair supports The Lily Havel Old Age Home by assisting with monthly outings, repairs on buildings, purchasing of much needed household equipment, donations in the form of food and toiletries and a year-end Christmas function.
- Meadow Feeds Port Elizabeth is involved with the Maranatha Home for drug addicts, disadvantaged and mentally challenged people by making monthly donations.
- Donation of feed to Bekker Agricultural High School and Bethany's House by Meadow Feeds.
- Earlybird Farm Standerton sponsored the Goldi Cricket Week.
- Meadow Feeds Pietermaritzburg spends R90 000 on nutritional and other feeding programmes.

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.

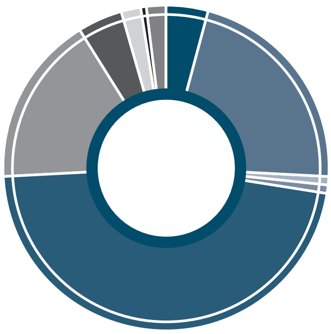
Environmental risk assessments are conducted and reported on an annual basis as a component of our risk control programme. Marsh Risk Services have been appointed to conduct environmental risk assessments at selected Astral Foods' operations in order to assist in this regard. The environmental risk assessments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

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

SUSTAINABILITY (continued)

Environmental sustainability mission: Through participative management, innovative and sustainable carbon reduction solutions will be investigated and value adding solutions will be implemented.

TOTAL: 508 783.36 TONNES CO_2e
(%)



Mobile Fuels	4,3
Stationery Fuels	21,7
Waste Water	0,8
Emissions from Poultry Manure (onsite)	0,9
Electricity	64,7
Outsourced Distribution	16,9
Waste (offsite)	4,3
Packaging Materials	1,9
Water (Embedded CO_2e)	0,8
Other	1,7

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

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.

Environment Impact Assessment (EIA)

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

Astral total emissions by source (October 2009 to September 2010)

Key findings for Scope 1 and 2 emissions:

- Scope 1 emissions accounted for 141 684 tonnes CO_2e or 28% of total measured emissions, with stationary and mobile fuels being 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 contributes 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.

Environmental management and control

Environmental sustainability report

Environmental Aspects	2013 – Actual	2014 – Target	Change
Stationary fuels			
Coal (tons)	**41 479**	41 768	289
LPG (tons)	**7 362**	7 056	(306)
Mobile fuels			
Diesel (kl)	**14 061**	15 221	1 160
Energy			
Electricity (kWh'000)	**282 364**	296 890	14 526
Energy saved due to conservation and efficiency improvements (kWh)	**1 010**	8 662	7 652
Water			
Water consumption (kl)	**4 844 802**	5 048 734	203 932
From boreholes (kl)	**644 347**	878 369	234 022
From municipal sources (kl)	**4 200 455**	4 170 365	(30 090)
Recycled water (kl)	**106 041**	105 113	(928)
Recycled water as a percentage of total water (%)	**2**	2	–
Materials			
Packaging material (tons)	**15 648**	15 734	86
Recycled – Packaging material recycled (tons)	**289**	293	4
Effluents and waste			
Waste to landfill (tons)	**14 023**	13 853	(170)
Water discharged (kl)	**1 653 565**	1 650 500	(3 065)
Litter (m^3)	**250 332**	210 295	(40 037)
Number of significant spills	**–**	–	–
Recycled – Litter (m^3)	**249 579**	210 118	(39 461)
Other			
Number of environmental non-compliance prosecution and fines	**–**	–	–

Environmental key performance indicators

Included in business units sustainability reports are EPI's (Environmental Performance Indicators) which will be used to detect sustainability progress.

Identification of significant environmental aspects

The following environmental aspects at Astral were identified as significant:
Scope 1 emissions – Coal
Scope 1 emissions – LPG
Scope 1 emissions – Diesel
Scope 2 emissions – Electricity

Objectives and targets

Objective: The objective of sustainability management control is for business units to benchmark (F2013), set targets and manage to achieve targets.

Targets: Benchmarking and setting targets will foster a continuous improvement environment towards reducing carbon emissions. The main focus areas for F2014 are:

- Reducing electricity consumption, through implementing energy innovative solutions and energy management control measures;
- Increase water recycling initiatives – The waste water treatment plant at Earlybird Standerton is scheduled to be completed in December 2014; and
- Increase waste recycling initiatives – Focus will be placed on maintaining and growing waste recycling activities.

OTHER
(%)

SUSTAINABILITY (continued)

Responsibility and control

Responsibility – The Chief Operating Officer (COO) for each business unit is responsible to ensure the environmental sustainability goals are realised.

Reporting process – Sustainability reports are completed on a monthly basis by business units, and the same reporting deadlines stipulated for financial reporting will be adhered to.

Report access – The reports will be captured onto an internal online reporting programme (RS2), to which the Executive Manager: Sustainability and Preferential Purchasing has access.

Consolidation and sustainability reporting – At year-end the Executive Manager: Sustainability and Preferential Purchasing consolidates and compiles the annual sustainability report.

Project management

Major sustainability projects will be project managed and the guidelines below will be followed in finding sustainable solutions:

- Innovative sustainable solutions will be identified;
- Sustainable solutions will be trialed and tested;
- Sustainable solutions will be implemented in accordance with regulatory compliance; and
- Proper measurement and verification will be in place to ensure improvement.

Implementation – Sustainability projects in progress

Change of lighting from incandescent to Led Lighting – Ross Poultry Breeders.

Project scope

National Power was appointed to replace 15 200 incandescent lights at Ross Poultry Breeders from 100 watt incandescent lights to 7 watt LED lighting. A rebate application was made to Eskom via the standard product rebate programme to fund the project.

The proposed sustainability impact of project:

- kWh savings – 7 249 336 kWh
- kW savings – 1 426 kW
- CO_2 savings – 7 176 843 kg

Project status

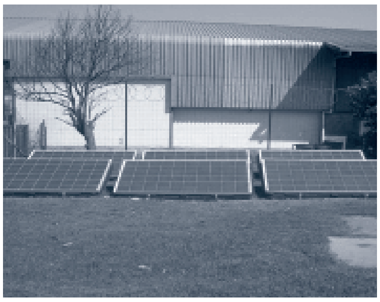
At Ross Poultry Breeders Gauteng region, 3 900 LED lights were replaced on 16 August 2013, and the estimated sustainability impact, as at 30 September 2013 was:

- kWh savings – 1 860 027 kWh
- kW savings – 366 kW
- CO_2 savings – 1 841 427 kg

Waste recycling projects at Astral

Project scope

To reduce the volume of waste dumped at landfill sites, business units teamed up with waste service providers to implement sustainable recycling projects. Recyclable waste is picked up from business units and recycled off-site.



Sustainability is not only the right thing to do, but makes business cents as well.

National Power was appointed to replace 15 200 incandescent lights at Ross Poultry Breeders from 100 watt incandescent lights to 7 watt LED lighting.

Project status

Results of recycling projects implemented:

No.	Name of business unit	Packaging recycled (kg's)
1	Earlybird Standerton	133 380
2	Earlybird Camperdown	15 450
3	Earlybird Olifantsfontein	102 736
4	County Fair	15 860
	Total	**267 426**

Implementation – Sustainability project under investigation at Earlybird Camperdown.

Trial project scope

To determine the feasability of installing solar panels to reduce energy costs and carbon emissions.

Trial project evaluation:

- Trial project installed on 6 May 2013
- Energy generated as per installed meter on 8 October 2013 is at 660 kWh
- Average kWh generated per day is at 5.28 kWh
- Average Kw per hour (1 531 energy generating hours as per installed meter on 8 October 2013) is at 0.43 kW per hour
- Average kilowatts per hour generated per solar panel – 0.072 kW per hour
- Average watts generated per solar panel per hour – 72 watts per hour per solar panel
- Solar panel rated capacity is at 235 watts
- Solar panel average power generation capacity (72/235) – 30,6%

A capacity factor of 30,6% is not regarded as good. However, this rating should be seen as a winter rating and a proper evaluation can only be done once the solar panel summer rating is known. The lesson learnt is to find a solar panel solution that offers the best return on investment, based on the solar system energy (kWh) generating capacity.

Conclusion

Focus will be placed on finding sustainable solutions, yielding positive results of doing more with less through embarking on sustainability projects, reducing consumption through controls, innovation, etc. Sustainability is not only the right thing to do, but makes business cents as well.

SUSTAINABILITY (continued)

Meadow Feeds Social Responsibility 2013/14

The CHOC COWS are fund raisers for Children living with Cancer.

Meadow Feeds is supporting the CHOC COWS to raise funds for CHOC. The CHOC COWS are volunteer cyclists who take part in races around South Africa dressed in cow kit. They have to raise a minimum of R6 000 to be a CHOC COW. Meadow has registered 24 cyclists, 2 runners and 4 canoeists, a Roof of Africa contender, and even a deep sea diving cow. These cows can enter any race of their choice wearing their special cow kit and raise funds for CHOC. These staff members, friends and family will be raising funds and spreading the word about CHOC in their communities.

The COWS developed an energy bar which they will sell to help raise additional funds. The cow bars were launched in August 2013, supported by Meadow Feeds. At the Bainbridge Believe MTB race at Northern Farm on 29 September 2013 Meadow staff handed out bars and pamphlets to raise awareness of the cow bars. They will also be at the 94.7 Cycle Challenge and the Argus Race helping CHOC to market the CHOC bars.

Each mill has been linked to a CHOC House in their area, and the staff will assist at the CHOC House as they are needed. The CHOC Houses are homes away from home for the children and their care giver to live in while the child is receiving cancer treatment. The mills will sponsor the house in their area with chicken monthly for the financial year. They will also assist in maintenance at the house for that period.

Meadow Feeds has challenged the staff to get involved in the fund-raising. They were issued with a Meadow T-shirt which they can wear with jeans on "Cow Fridays". They will be asked to pay "moo-tax" for the privilege. The mills will compete against each other to raise funds and there will be a reward to the winning mill. Each mill was provided with a beaded Meadow cow. The staff will have an opportunity to take the cow to various locations to compete in the travelling cow competition. There are prizes for a photo of the cow and the staff in one of the following categories: the funniest, the weirdest, the cleverest, and the most difficult location.

Meadow Feeds staff have embraced the project and we look forward to raising some much needed funds for CHOC and hope that the entire Astral workforce will join us in the endeavour.

Who is CHOC? www.choc.org.za

CHOC is an acronym for Children's Haematology Oncology Clinics and was established in 1979 by a parent group in Johannesburg. As a country-wide organisation, they provide holistic support for children suffering from cancer and life-threatening blood disorders as well as their families. They receive no funding from government and have to raise all their funds from individuals and corporates: www.choc.org.za

Who are THE COWS? www.thecows.co.za

In 2008 a group of friends decided to ride the 94.7 Cycle Challenge in memory of 20-month-old Jessica Bain, daughter of Kerrin and Grant. During her illness, they received much needed support from the CHOC Foundation during a very dark time in their lives. Their aim was to raise R60 000 for CHOC, but they managed to raise more than R230 000. With the word spreading about their initiative, 2009 turned out to be a huge success. The group of friends turned into 140 cyclists and has just exploded over the past few years, raising over R14 million for CHOC. This has been a remarkable achievement which is growing each year.

The 'Opstal' was one of the buildings that was refurbished in the original project to save the school's farm section from closure. This now serves as a training facility and hall venue for other functions of the farm.

Investing in future poultry producers *Gilla Brunt*

The well known saying "it takes a village to raise a child" can be applied to the sustainability of industry sectors as well; if the industry does not invest in its own future, there will be none. This is particularly true for the agricultural sector, which is widely described as 'not sexy enough' to attract the youth who will be the working professionals of the future.

Fortunately, the agricultural sector in South Africa is generally well aware of the urgent need to address this and is actively pursuing means to ensure the sustainability of agriculture in South Africa, with inclusion of the poultry sector.

To this end, a number of industry players took an active interest in the future of the farm section of Bekker Agricultural High School just outside of Magaliesburg in Gauteng, which was on the brink of closure in 2008. Spearheaded by a team from Meadow Feeds, companies such as Altech, Animate Animal Health, Atlas Trading & Shipping, BKB Grainco, Cargill, Chemunique International, Deltamune, Immunovet Services, Instavet, National Chicks, Majesty Oils, the Poultry Bulletin and SA Outsourcing sponsored upgrades of buildings and equipment on the farm, and committed time and other resources to ongoing support of the farm section.

The aim all along has been to not only upgrade the farming facilities, but to help guide the school farm to becoming a self-sustaining enterprise where interested learners have an opportunity to experience farming first hand, without adding to the financial burden of the school or industry supporters.

Updating the broilers in late 2011 and early 2012, Astral's Earlybird Farm joined this initiative with specific focus on developing and sustaining the poultry section of the Bekker Agricultural High School farm.

The first step was a very welcome revamp of the school farm's broiler house. This was done with the generous support of Peninsula Poultry Appliances (PPA) and their Danish principal, Skov, a global leader in climate control and production monitoring in livestock farming. Thanks to these companies, the school farm now has a fully environmentally controlled facility, complete with hoistable feeder and drinker system and central temperature and ventilation control as is used on many a successful poultry producer's farm today.

All electrical equipment was sponsored by Jan Helkeman, a ventilation engineer, who also completed the installation and set-up of the controller management system free of charge.

A hand up, not out

As the intention of the industry's involvement all along has been to help the farm become self-sufficient and guide future agriculturalists on their way to promising careers in this sector, the support did not end there. Meadow and Earlybird now provide ongoing expertise in both broiler and layer farming to the school's farm and students.

In the broiler section, Earlybird takes care of the house and bedding preparation prior to placement, facilitates chick placement at the beginning of the production cycle and arranges the catching and processing of the broilers produced by the school farm. The company also takes care of the heating of the house and anything else the school farm needs to see it through.

SUSTAINABILITY (continued)

In order for the school farm to be commercially self-sustainable, it needs to produce larger numbers of broilers per cycle. To this end, there are now plans to convert the building adjacent to the current broiler house into a second broiler facility.

Meadow Feeds provides the feed expertise for the school's broiler operations, as well as the services of Chris Cronjé, a retired poultry man now dedicated to ensuring the success of the school's layer operations. Nova Feeds provides the nutritional expertise, feed and full support to the layer operation at the school, which now not only supplies the school's hostel with farm fresh eggs, but also sells its crop to the Wimpy in Magaliesburg and to the parents of the school's pupils.

Harvesting the student crop

Now that the school's farming facilities have been upgraded to a point where actual production is a realistic expectation, the emphasis is on increasing the students' participation in the farming activities. The final goal of the project is not only to give students an opportunity to learn all aspects of poultry production first hand, but also to groom passionate and promising students for a rewarding career in the poultry sector.

Students now have the opportunity to work in Earlybird's commercial facilities during school holidays – learning and earning a welcome something extra.

Promising students will be given the opportunity to further their agricultural studies with a spot open for them in the poultry industry once they graduate.

According to Colin Smith, COO of Earlybird Farms Olifantsfontein, the first of what is hoped to be an evergreen crop of poultry professionals has already worked his way through the ranks of the Broiler division to farm manager, after being introduced to broiler farming at Bekker Agricultural High School. Coincidentally, this 'good egg' is also a Bekker – MJ Bekker.

This article was published in the September 2013 edition of 'Poultry Focus Africa'.

Peninsula Poultry Appliances. Skov and Jan Helkeman saw to it that the farm's broiler house is now fully environmentally controlled and equipped with feeders and drinkers.

Dirk van der Walt, Julia Ernst and Chanelle Stander are three of the more passionate students involved in the production of broilers at Bekker Agricultural High School.

Bekker Agricultural High School's layer operations supplies eggs to the school's residence, parents and the local Wimpy in Magaliesburg.

ANNUAL FINANCIAL STATEMENTS

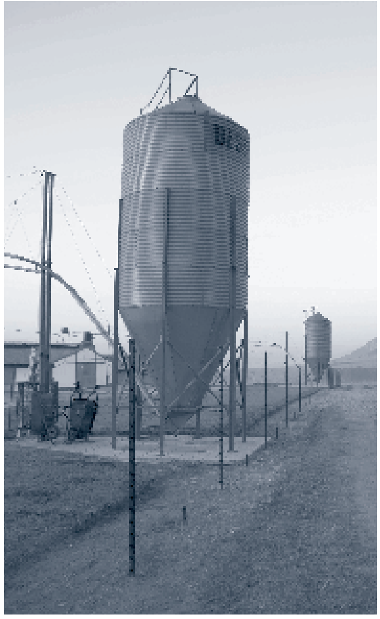
Preparation and publication of the annual financial statements

The annual financial statements for the year ended 30 September 2013 were published on 13 December 2013.

The annual financial statements were prepared by the financial director, DD Ferreira, CA(SA).

CONTENTS

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 2013 set out on pages 84 to 142 were approved by the board of directors on 6 November 2013 and signed on its behalf by:

JJ Geldenhuys
Chairman

CE Schutte
Chief Executive Officer

Pretoria
6 November 2013

CERTIFICATE BY COMPANY SECRETARY

I confirm that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required by a Public Company in terms of Section 33(1) of the Companies Act, 2008, and that such returns are true, correct and up to date.

MA Eloff
Group Company Secretary

Pretoria
6 November 2013

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 84 to 142 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 IFRSs 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.

JJ Geldenhuys
Chairman

Pretoria
6 November 2013

DIRECTORS' REPORT

The directors' report forms part of the financial statements of the company and the group for the year ended 30 September 2013.

1. Nature of business

The company holds investments in subsidiary and associates, 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

	2013 R'000	2012 R'000
Operating results		
Revenue	**8 523 976**	8 160 078
Operating profit	**271 558**	477 149
Profit on sale of interest in business unit	**79 426**	35 972
Net finance costs	**(26 902)**	(17 975)
Share of profit from associate	**2 800**	–
Profit before income tax	**326 882**	495 146
Income tax expense	**(79 583)**	(162 646)
Profit for the year	**247 299**	332 500
Attributable to:		
Equity holders of the company	**244 010**	329 335
Non-controlling interest	**3 289**	3 165
Profit for the year	**247 299**	332 500
Financial position		
Non-current assets	**2 016 064**	1 840 046
Current assets	**1 938 270**	1 672 894
Assets held for sale	**–**	51 889
Total assets	**3 954 334**	3 564 829
Total equity	**1 727 680**	1 595 971
Non-current liabilities	**655 790**	516 387
Current liabilities	**1 570 864**	1 431 208
Liabilities held for sale	**–**	21 283
Total equity and liabilities	**3 954 334**	3 564 829

Segment analysis

A segment analysis of the revenue, operating profit and liabilities is set out on pages 94 and 95 of the consolidated annual financial statements.

Disposals

The group disposed of 25% of its interest in Provimi SSA (Pty) Limited (previously known as Nutec Southern Africa (Pty) Limited) for a consideration of R63,7 million.

5. Share capital

Detail of share capital is reflected under note 10 to the financial statements.

At the annual general meeting of shareholders held on 14 February 2013 shareholders passed a special resolution authorising the company, or a subsidiary, to acquire the company's own ordinary shares.

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

No shares were acquired in terms of the share purchase programme (2012: nil).

In terms of the group's share incentive scheme, no (2012: nil) options were exercised.

The company's issued share capital remained at 42 148 885 shares.

6. Subsidiaries and joint ventures

Details of the subsidiaries of Astral Foods Limited are set out in note 32 to 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:

	2013 R'000	2012 R'000
Subsidiaries		
Total profits before income tax	**247 119**	475 763
Total profits after income tax	**178 845**	338 656
Total losses before income tax	**–**	283
Total losses after income tax	**143**	674
Joint ventures		
Total profits before income tax	**4 730**	21 175
Total profits after income tax	**3 674**	15 247

7. Dividends

The following ordinary dividends were declared:

	2013 R'000	2012 R'000
Interim dividend of nil cents per share (2012: 336 cents per share)	**–**	141 620
Less: Dividends received on treasury shares held by a subsidiary	**–**	(13 738)
Final dividend (No. 25) of 222 cents per share (declared post-year-end) (2012: 336 cents per share)	**93 570**	141 620
Less: Dividends receivable on treasury shares held by a subsidiary	**(9 076)**	(13 738)
Total dividend at 222 cents per share (2012: 672 cents per share)	**84 494**	255 764

DIRECTORS' REPORT (continued)

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 1 to the annual financial statements.

Assets of a Zambian subsidiary with a book value of R85 816 000 (2012: R54 446 000) are pledged as security for secured borrowings of R37 229 000 (2012: R28 348 000).

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		Yes
T Delport	Managing Director: Poultry division	23 March 2009		Yes
T Eloff	Independent non-executive director	01 October 2010		Yes
DD Ferreira	Group Financial Director	01 May 2009		
IS Fourie	Independent non-executive director	01 July 2010	Yes	
JJ Geldenhuys	Independent non-executive director	24 May 2001	Yes	
OM 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 36 to 39 of this report. In terms of article 34.4.1 of the company's memorandum of incorporation, IS Fourie and JJ Geldenhuys retire by rotation at the annual general meeting of shareholders and are eligible for re-election. In terms of article 34.3 of the company's memorandum of incorporation, TP Maumela and TM Shabangu retire at the annual general meeting 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 237 000 (2012: 234 500) ordinary shares in the company – see directors' and prescribed officers' remuneration report on page 93 for details. CE Schutte acquired an additional 1 500 shares in the company during the year bringing his total holding to 18 500 and T Eloff acquired 1 000 shares.

Following the formal performance evaluation of the above directors, the chairman confirms that these individual's performance continues to be effective and shows commitment to the role. TP Maumela and TM Shabangu were appointed as non-executive directors on 1 July 2013.

Particulars of the company secretary and her business and postal address appear on page 152 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 prescribed 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. Special resolutions were passed for the adoption of memoranda of incorporation for the following subsidiary companies:

Amidor Tien Proprietary Limited, Astral Operations Limited, Meadow Feeds Eastern Cape Proprietary Limited, Meadow Feeds Standerton Proprietary Limited, Pinetop Estate Proprietary Limited, Rich Rewards Trading 11 Proprietary Limited, Top-Pine Estate Proprietary Limited and Torledo Proprietary Limited.

A special resolution was passed to change the name of Lightup Investments Proprietary Limited to Meadow Feeds Standerton Proprietary Limited.

13. Share incentive scheme

At the annual general meeting held on 14 February 2013, the special resolution authorising the placing of shares under the control of directors for purposes of the company's share incentive scheme was not passed by the requisite majority of shareholders and, consequently, no further share options will be granted to employees.

As at 30 September 2013, options in respect of 871 550 shares remained outstanding, being 2% of issued share capital.

Details of the dates and prices at which the options were granted are given in note 11 to the financial statements.

14. Shareholders

Details of shareholders are set out on pages 143 and 144 of this report.

15. Repurchase of shares

The company has not exercised the general authority granted to it to buy back its issued ordinary shares. Shareholders will not be requested to renew this authority at the next annual general meeting.

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

Astral has successfully finalised a settlement agreement with the Competition Commission in terms of which an administrative penalty will be paid to the Commission in full and final settlement and concludes all proceedings and investigations between the Commission and Astral. The Settlement Agreement has been lodged with the Competition Tribunal for final approval. An accrual has been made for an amount of R17 million.

18. Date for authorisation for issue of financial statements

The financial statements have been authorised for issue by the board of directors on 6 November 2013. 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 sub-committee 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 2013, the committee comprised three independent non-executive directors, namely T Eloff, IS Fourie and M Macdonald (chairman).

Meetings

The committee met three times during the year. Attendance of these meetings is shown in the table set out on page 48 of this report.

Duties

In execution of its compliance duties, the committee:

- nominated the re-appointment of PricewaterhouseCoopers Inc. as external auditors and D von Hoesslin as the designated auditor, after satisfying itself through enquiry that PricewaterhouseCoopers Inc. are independent as defined in terms of the Companies Act. This will be D von Hoesslin's first year as designated auditor of the company;
- confirmed that PricewaterhouseCoopers Inc. and the designated auditor, D 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 18 to the annual financial statements on page 129 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 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 hot-line;
- 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; and
  - 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 and external audit;
- reviewed significant issues raised by the external auditors in their reports;
- 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 weaknesses 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.

Description of fees

Audit fees – R6,730 million (2012: R6,126 million)
Non-audit fees – R nil (2012: R7 000)

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:

- 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; and
- 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 financial director 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 financial director, Mr DD Ferreira, and confirms his suitability in terms of the JSE Listings Requirements.

Integrated report

We have evaluated the integrated report of Astral Foods Limited and the group for the year ended 30 September 2013 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

M Macdonald
Audit and Risk Management Committee Chairman

Pretoria
6 November 2013

INDEPENDENT AUDITORS' REPORT

To the shareholders of Astral Foods Limited

We have audited the consolidated and separate financial statements of Astral Foods Limited set out on pages 84 to 142, which comprise the statements of financial position as at 30 September 2013, 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 2013, 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 2013, 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: I Buys
Registered Auditor

Sunninghill
6 November 2013

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION
for the year ended 30 September 2013

Directors' remuneration

	Salary R'000	Retirement fund contributions R'000	Travelling allowance and other payments R'000	(Note 1) Long-term retention payments R'000	**Total 2013 R'000**	Total 2012 R'000
Executive directors						
For managerial services:						
CE Schutte	3 647	613	26	2 684	**6 970**	7 645
T Delport	2 411	406	32	1 722	**4 571**	5 063
DD Ferreira	2 411	406	25	1 722	**4 564**	5 050
OM Lukhele	1 387	233	42	895	**2 557**	2 859
GD Arnold	1 459	245	42	895	**2 641**	2 248
	11 315	1 903	167	7 918	**21 303**	22 865
Non-executive directors' fees						
For services as directors:						
JJ Geldenhuys					**609**	651
T Eloff					**430**	367
M Macdonald					**351**	351
N Tsengwa†					**321**	279
IS Fourie					**358**	358
TM Shabangu*					**50**	–
T Maumela*					**50**	–
TCC Mampane‡					**105**	279
					2 274	2 285
Total paid to directors by the company and its subsidiaries					**23 577**	25 150

* *Director's fee from date of appointment*
† *Director's fee paid to Exxaro Resources Limited*
‡ *Director's fee paid to date of resignation*

Prescribed officers' remuneration

	Salary R'000	Retirement fund contributions R'000	Travelling allowance and other payments R'000	Performance-related bonus R'000	Long-term retention payments R'000	**Total 2013 R'000**	Total 2012 R'000
For managerial services:							
R Steenkamp	1 730	291	40	511	1 566	**4 138**	3 990
LW Hansen	1 373	231	73	–	895	**2 572**	2 879
MA Eloff	944	159	8	–	355	**1 466**	1 612
AB Crocker	1 583	266	44	–	882	**2 775**	2 418*
GD Arnold	–	–	–	–	–	**–**	777*
	5 630	947	165	511	3 698	**10 951**	11 676

* *Remuneration from date of appointment as a prescribed officer.*

A prescribed officer of the group is defined as the company secretary and members of the board of the main operating subsidiary, Astral Operations Limited, who are not executive directors of Astral Foods Limited.

Note 1

Long-term retention payments

The executive directors and prescribed officers participate in a long-term retention 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 after three, four and five years from the date of allocation.

The performance conditions were measured over three years ended 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 second third of the vested bonus are due for payment in January 2014.

Share incentive scheme interests

Share option scheme

Options outstanding	Grant date	Exercise price	Number of options 2013	Number of options 2012
CE Schutte			**54 800**	54 800
	28 August 2007	R122.00	**33 600**	33 600
	15 May 2009	R97.00	**21 200**	21 200
T Delport			**45 200**	45 200
	21 May 2008	R88.49	**40 000**	40 000
	15 May 2009	R97.00	**5 200**	5 200
DD Ferreira			**36 300**	36 300
	28 August 2007	R122.00	**14 600**	14 600
	15 May 2009	R97.00	**21 700**	21 700
Dr OM Lukhele			**18 300**	18 300
	28 August 2007	R122.00	**11 200**	11 200
	15 May 2009	R97.00	**7 100**	7 100
GD Arnold	28 August 2007	R122.00	**15 500**	15 500
			170 100	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 7 years from date of granting the option, will lapse.

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

No share options were exercised during the year (2012: nil).

Issued share capital interest

Beneficial interests	Directly held Number of shares 2013	Directly held Number of shares 2012	Indirectly held Number of shares 2013	Indirectly held Number of shares 2012
Non-executive directors				
M Macdonald	**–**	–	**60 000**	60 000
T Eloff	**1 000**	–	**–**	–
Executive directors				
CE Schutte	**18 500**	17 000	**–**	–
DD Ferreira	**155 000**	155 000	**–**	–
GD Arnold	**2 500**	2 500	**–**	–
	177 000	174 500	**60 000**	60 000

SEGMENT REPORT – GROUP

for the year ended 30 September 2013

	2013 R'000	2012 R'000	2013 R'000	2012 R'000
	Revenue[#]		Operating profit	
Poultry	**6 000 605**	5 834 816	**(109 412)**	137 438
– As previously reported		5 914 483		144 893
– Re-allocated to Other Africa		(79 667)		(7 455)
Feed	**4 915 626**	4 327 012	**331 276**	288 808
– As previously reported		4 309 636		283 135
– Re-allocated from Services and ventures		17 376		5 673
Other Africa	**442 146**	341 308	**45 021**	37 677
– As previously reported		261 641		30 222
– Re-allocated from Poultry		79 667		7 455
Services and ventures	**30 246**	222 620	**4 673**	13 226
– As previously reported		239 996		18 899
– Re-allocated to Feed		(17 376)		(5 673)
Sales between segments	**(2 864 647)**	(2 565 678)		
– To Poultry	**(2 702 755)**	(2 413 486)		
– Other	**(161 892)**	(152 192)		
	8 523 976	8 160 078		
Operating profit			**271 558**	477 149
Profit on sale of interest in business unit[*]			**79 426**	35 972
Profit before interest and tax			**350 984**	513 121
Finance income			**937**	6 396
Finance expense			**(27 839)**	(24 371)
Share of profit from associates			**2 800**	–
Profit before income tax			**326 882**	495 146
Tax expense			**(79 583)**	(162 646)
Profit for the year			**247 299**	332 500

[#] *Refer to note 17 to the financial statements for the contributions from the top 5 customers and entity wide information*

[*] *Previously included in Services and ventures*

	2013 R'000	2012 R'000	2013 R'000	2012 R'000
	Assets		Liabilities	
Poultry	**2 940 901**	2 797 322	**1 263 916**	1 193 892
– As previously reported		2 830 780		1 204 362
– Re-allocated to Other Africa		(33 458)		(10 470)
Feed	**993 517**	834 926	**888 053**	794 228
– As previously reported		825 049		787 266
– Re-allocated from Services and ventures		9 877		6 962
Other Africa	**247 190**	166 750	**103 812**	71 854
– As previously reported		133 292		61 384
– Re-allocated from Poultry		33 458		10 470
Services and ventures	**–**	–	**–**	–
– As previously reported		4 949		175 693
– Re-allocated to Corporate		(27 605)		(201 264)
– Re-allocated to intra-group		32 533		32 533
– Re-allocated to Feed		(9 877)		(6 962)
Corporate	**122 990**	27 605	**321 137**	201 264
Assets/liabilities held for sale	**–**	51 889	**–**	21 283
Set-off of intra-group balances	**(350 264)**	(313 663)	**(350 264)**	(313 663)
	3 954 334	3 564 829	**2 226 654**	1 968 858

The total non-current assets per segment is as follows:
Poultry – R1 464 279 000 (2012: R1 521 657 000), Feed – R355 791 000 (2012: R211 884 000) and Other Africa – R140 223 000 (2012: R83 058 000).

	Capital expenditure		Depreciation, amortisation and impairment	
Poultry	**59 995**	151 038	**97 628**	91 816
– As previously reported		152 248		92 804
– Re-allocated to Other Africa		(1 210)		(988)
Feed	**151 314**	33 454	**20 153**	18 522
– As previously reported		31 312		17 536
– Re-allocated from Services and ventures		2 142		986
Other Africa	**29 991**	22 316	**8 287**	5 620
– As previously reported		21 106		4 632
– Re-allocated from Poultry		1 210		988
Services and ventures	**–**	4 519	**–**	6 361
– As previously reported		6 745		7 711
– Re-allocated to Corporate		(84)		(364)
– Re-allocated to Feed		(2 142)		(986)
Corporate	**106**	84	**358**	364
	241 406	211 411	**126 426**	122 683

Following changes in internal reporting provided to the chief executive officer, certain comparative amounts have been re-allocated.

ACCOUNTING POLICIES
for the year ended 30 September 2013

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 2013 year-end

Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI

The IASB has issued amendments to IAS 1, 'Presentation of Financial Statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

Effective date: 1 July 2012

These amendments had no effect on the financial statements of the group or the company.

International Financial Reporting Standards and amendments issued but not effective for 30 September 2013 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

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

2. New standards and interpretation (continued)

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.

Effective date: 1 January 2015

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 2015

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 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 2015

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

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

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

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

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

ACCOUNTING POLICIES (continued)
for the year ended 30 September 2013

2. New standards and interpretation (continued)

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

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

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

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

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, but not yet effective for 30 September 2013 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

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

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

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

2. New standards and interpretation (continued)

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

3. Interest in group entities

Subsidiaries

Subsidiaries are all entities (including special purpose 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. 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 are 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 on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Joint ventures

The group's interests in jointly controlled entities are accounted for by proportionate consolidation.

The group combines its share of the jointly controlled entities' individual income and expense, asset, liability and cash flow items on a line-by-line basis with similar items in the group's financial statements.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. Jointly controlled entities' accounting policies 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.

ACCOUNTING POLICIES (continued)
for the year ended 30 September 2013

3. Interest in group entities (continued)

Transactions and non-controlling interests (continued)

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, joint venture or financial asset. In addition, 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 Africa, 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 of monetary items

Transactions in a currency other than the functional currency are translated into the functional currency using the prevailing exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in a currency other than the functional currency are translated at the exchange rate ruling at the reporting date.

Gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as a qualifying cash flow hedge.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences related to changes in the amortised cost 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 the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. 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 such as equities classified as available for sale are included in the fair value reserve in equity.

Foreign operations

The results and financial position of all group entities (none of which has the currency of a hyperinflationary 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); and

(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.

6. Property, plant and equipment

Land and buildings comprise mainly feed mills, poultry processing facilities, poultry farms and offices.

Land is not depreciated and is stated at historical cost.

All other property, plant and equipment ("PPE") are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items and may also include transfers from equity of any gains and losses on qualifying cash flow hedges of foreign currency purchases of PPE.

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 and 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. 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 (3 – 5 years).

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).

ACCOUNTING POLICIES (continued)
for the year ended 30 September 2013

7. Intangible assets (continued)

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

8. 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.

9. 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.

10. Biological assets

Live broiler chicks 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 active market values, where appropriate, or management's assessment of the fair value based on available data and benchmark statistics.

Breeding stock includes grandparent breeding and parent rearing and laying stock. Breeding stock is capitalised at cost at the beginning of its productive cycle and is amortised on a straight-line method over the anticipated productive cycle, to its 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.

11. 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.

12. Financial assets

Financial assets are recognised when the company 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;
- Loans and receivables; and
- Available-for-sale.

12. Financial assets (continued)

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".

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.

13. 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; and
- 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.

14. 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 and losses.

ACCOUNTING POLICIES (continued)

for the year ended 30 September 2013

15. 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.

16. Trade payables

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

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

21. Derivative financial instruments (continued)

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.

Over-the-Counter (OTC) contracts

The group enters into 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.

22. 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 administrative expenses as they arise. 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. Benefits falling due more than 12 months after the reporting date are discounted to present value.

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 75% is subject to certain performance conditions measured over a three-year period being met.

ACCOUNTING POLICIES (continued)
for the year ended 30 September 2013

22. Employee benefits (continued)

Long-term retention bonus scheme (continued)

Once vested, amounts are paid varying, from the third, fourth and fifth year of allocation.

The fair value of the employees' service received in exchange for participation in the scheme, is recognised as an expense over the vesting period.

Share-based plans

The group's management awards share options, from time to time, on a discretionary basis.

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 between 7 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.

23. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

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 is recognised as revenue, provided the risk for quality and quantity of the product is carried by the contract grower, and no 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.

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 change 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 14 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 10 of these accounting policies.

Investment in associates

The carrying value of the investment in associate is based on the market value of the investment at the initial recognition date. This value has been based on the equivalent of the value received on disposal of an interest in the entity prior to becoming an associate. The carrying value is 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 judgements 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 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	1	**1 796 461**	1 678 976	**–**	–
Intangible assets	2	**25 320**	17 169	**–**	–
Goodwill	3	**136 135**	136 135	**–**	–
Investment in associate	4	**52 800**	–	**–**	–
Investments and loans	5	**5 348**	7 766	**234 664**	235 941
		2 016 064	1 840 046	**234 664**	235 941
Current assets					
Inventories	6	**440 684**	379 433	**–**	–
Biological assets	7	**592 690**	534 806	**–**	–
Trade and other receivables	8	**806 821**	723 569	**60**	–
Current tax asset		**4 614**	9 819	**–**	–
Cash and cash equivalents	9	**93 461**	25 267	**–**	–
		1 938 270	1 672 894	**60**	–
Assets held for sale	33	**–**	51 889	**–**	–
Total assets		**3 954 334**	3 564 829	**234 724**	235 941
EQUITY					
Capital and reserves attributable to equity holders of the company					
Ordinary shares	10	**422**	422	**422**	422
Share premium	10	**1 622**	1 622	**1 622**	1 622
Other reserves		**24 247**	11 876	**18 149**	17 690
Treasury shares		**(204 435)**	(204 435)	**–**	–
Retained earnings		**1 891 870**	1 775 742	**195 909**	208 967
		1 713 726	1 585 227	**216 102**	228 701
Non-controlling interest		**13 954**	10 744	**–**	–
Total equity		**1 727 680**	1 595 971	**216 102**	228 701
LIABILITIES					
Non-current liabilities					
Borrowings	12	**145 255**	14 859	**–**	–
Deferred tax liabilities	13	**417 646**	407 711	**–**	–
Retirement benefit obligations	14	**92 889**	93 797	**–**	–
		655 790	516 367	**–**	–
Current liabilities					
Trade and other payables	15	**1 355 495**	1 307 776	**–**	–
Current tax liabilities		**2 040**	5 684	**–**	–
Borrowings	12	**211 630**	116 091	**16 923**	5 583
Shareholders for dividend		**1 699**	1 657	**1 699**	1 657
		1 570 864	1 431 208	**18 622**	7 240
Liabilities held for sale	33	**–**	21 283	**–**	–
Total liabilities		**2 226 654**	1 968 858	**18 622**	7 240
Total equity and liabilities		**3 954 334**	3 564 829	**234 724**	235 941

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2013

		Group		Company	
	Notes	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Revenue	17	8 523 976	8 160 078	–	–
Cost of sales		(7 306 905)	(6 713 500)	–	–
Gross profit		1 217 071	1 446 578	–	–
Administrative expenses		(373 968)	(417 637)	(1 930)	(2 047)
Distribution costs		(457 714)	(436 013)	–	–
Marketing expenditure		(132 069)	(128 040)	–	–
Other income	21	13 973	13 492	80 000	354 852
Other gains/(losses)	22	4 265	(1 231)	–	–
Operating profit		271 558	477 149	78 070	352 805
Profit on sale of interest in business unit		79 426	35 972	62 086	–
Profit before interest and tax		350 984	513 121	140 156	352 805
Finance income	23	937	6 396	–	538
Finance expense	23	(27 839)	(24 371)	(16)	–
Share of profit from associates		2 800	–	–	–
Profit before income tax		326 882	495 146	140 140	353 343
Tax expense	24	(79 583)	(162 646)	(11 578)	(19 220)
Profit for the year		247 299	332 500	128 562	334 123
Other comprehensive income:					
Foreign currency translation adjustments		12 487	102	–	–
Total comprehensive income for the year		259 786	332 602	128 562	334 123
Profit for the year attributable to:					
Equity holders of the company		244 010	329 335	128 562	334 123
Non-controlling interest		3 289	3 165	–	–
Profit for the year		247 299	332 500	128 562	334 123
Total comprehensive income attributable to:					
Equity holders of the company		255 920	329 473	128 562	334 123
Non-controlling interest		3 866	3 129	–	–
Total comprehensive income for the year		259 786	332 602	128 562	334 123
Earnings per share attributable to the equity holders of the company during the year:		cents	cents		
– Basic	25	641	865		
– Diluted	25	641	864		

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2013

	Attributable to ordinary shareholders of Astral Foods Limited								
	Share capital and premium R'000	Currency translation reserve R'000	Equity compensation reserve R'000	Treasury shares R'000	Non-distributable reserve* R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Group									
2012									
Balance at 1 October 2011	2 044	(6 492)	16 042	(204 435)	542	1 766 493	1 574 194	11 438	1 585 632
Option value of share options granted	–	–	1 646	–	–	–	1 646	6	1 652
Profit for the year	–	–	–	–	–	329 335	329 335	3 165	332 500
Dividends declared	–	–	–	–	–	(320 086)	(320 086)	(3 627)	(323 713)
Currency translation differences arising in year	–	102	–	–	–	–	102	–	102
Non-controlling interest in translation differences	–	36	–	–	–	–	36	(36)	–
Payment of loan from non-controlling interest holder	–	–	–	–	–	–	–	(202)	(202)
Balance at 30 September 2012	2 044	(6 354)	17 688	(204 435)	542	1 775 742	1 585 227	10 744	1 595 971
2013									
Balance at 1 October 2012	**2 044**	**(6 354)**	**17 688**	**(204 435)**	**542**	**1 775 742**	**1 585 227**	**10 744**	**1 595 971**
Option value of share options granted	**–**	**–**	**461**	**–**	**–**	**–**	**461**	**4**	**465**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**244 010**	**244 010**	**3 289**	**247 299**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**(127 882)**	**(127 882)**	**(660)**	**(128 542)**
Currency translation differences arising in year	**–**	**12 487**	**–**	**–**	**–**	**–**	**12 487**	**–**	**12 487**
Non-controlling interest in translation differences	**–**	**(577)**	**–**	**–**	**–**	**–**	**(577)**	**577**	**–**
Balance at 30 September 2013	**2 044**	**5 556**	**18 149**	**(204 435)**	**542**	**1 891 870**	**1 713 726**	**13 954**	**1 727 680**
Company									
2012									
Balance at 1 October 2011	2 044	–	16 042	–	–	229 316	247 402		
Option value of share options granted	–	–	1 648	–	–	–	1 648		
Profit for the year	–	–	–	–	–	334 123	334 123		
Dividends declared	–	–	–	–	–	(354 472)	(354 472)		
Balance at 30 September 2012	2 044	–	17 690	–	–	208 967	228 701		
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**		

* *The non-distributable reserve relates to a foreign statutory requirement whereby a portion of the reserves of a foreign subsidiary is regarded as non-distributable*

STATEMENT OF CASH FLOW
for the year ended 30 September 2013

		Group		Company	
	Notes	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Cash flows from operating activities					
Cash operating profit	A	**388 406**	596 964	**78 524**	352 807
Changes in working capital	B	**(150 736)**	(118 852)	**–**	(282)
Cash generated from operations		**237 670**	478 112	**78 524**	352 525
Income tax paid	C	**(66 705)**	(142 072)	**(11 578)**	(19 220)
Cash generated from operating activities		**170 965**	336 040	**66 946**	333 305
Cash used in investing activities		**(176 515)**	(116 583)	**63 706**	–
Purchase of property, plant and equipment to expand operations		**(168 042)**	(100 469)	**–**	–
Purchase of property, plant and equipment to maintain operations		**(64 139)**	(102 100)	**–**	–
Total purchases		**(232 181)**	(202 569)	**–**	–
Less: Interest capitalised		**6 604**	2 137	**–**	–
Net purchases of property, plant and equipment		**(225 577)**	(200 432)	**–**	–
Costs incurred on intangibles		**(9 225)**	(8 842)	**–**	–
Proceeds on disposal of property, plant and equipment		**4 894**	4 252	**–**	–
Proceeds on disposal of business unit	E	**–**	83 161	**–**	–
Proceeds on disposal of investments		**2 921**	–	**–**	–
Decrease/(increase) in loans		**1 983**	(1 118)	**–**	–
Investment income		**937**	6 396	**–**	–
Proceeds from disposal of investment held for sale		**47 552**	–	**63 706**	–
Cash flows to financing activities		**(7 609)**	(349 848)	**(141 992)**	(353 768)
Dividends paid to the company's shareholders	D	**(127 840)**	(319 920)	**(141 578)**	(354 306)
Payments to non-controlling interest holders		**(660)**	(3 829)	**–**	–
Movement in loan to subsidiaries		**–**	–	**(398)**	–
Interest paid		**(34 443)**	(26 508)	**(16)**	538
Increase in borrowings		**155 334**	409	**–**	–
Loans received		**177 061**	11 715	**–**	–
Payment of long-term borrowings		**(21 727)**	(11 306)	**–**	–
Net decrease in cash and cash equivalents		**(13 159)**	(130 391)	**(11 340)**	(20 463)
Effects of exchange rate changes		**(3 688)**	(206)	**–**	–
Cash and cash equivalents at beginning of year		**(61 181)**	69 416	**(5 583)**	14 880
Cash and cash equivalents at end of year	9	**(78 028)**	(61 181)	**(16 923)**	(5 583)

NOTES TO THE STATEMENT OF CASH FLOW
for the year ended 30 September 2013

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
A. Cash operating profit				
Operating profit	**271 558**	477 149	**78 070**	352 805
Adjustments for:				
Depreciation and amortisation	**122 729**	118 701	**–**	–
Impairment of property, plant and equipment	**3 697**	970	**–**	–
Impairment of goodwill	**–**	3 012	**–**	–
Profits on disposal of property, plant and equipment	**(1 926)**	(885)	**–**	–
Profit on sale of investment	**(2 485)**	–	**–**	–
Change in provision for retirement benefit obligations	**(908)**	3 143	**–**	–
Proportionate share of profit derived from assets and liabilities held for sale	**(4 730)**	(6 778)	**–**	–
Cost of equity compensation reserve	**465**	1 646	**459**	–
Other non-cash flow items	**6**	6	**(5)**	2
Cash operating profit	**388 406**	596 964	**78 524**	352 807
B. Changes in working capital				
Increase in inventories	**(57 147)**	(80 600)	**–**	–
Increase in biological assets	**(56 731)**	(84 676)	**–**	–
Increase in trade and other receivables	**(81 362)**	(158 131)	**–**	–
Increase/(decrease) in trade and other payables	**44 504**	204 555	**–**	(282)
Total change in working capital	**(150 736)**	(118 852)	**–**	(282)
C. Income tax paid				
Balance at beginning of year	**4 135**	(6 887)	**–**	–
Normal income tax provision	**(69 867)**	(113 598)	**(11 578)**	–
Secondary tax on companies provision	**–**	(19 220)	**–**	(19 220)
Withholding tax	**(134)**	(1 023)	**–**	–
Translation differences	**679**	248	**–**	–
Disposal of business unit	**1 056**	2 543	**–**	–
Net balance at end of year	**(2 574)**	(4 135)	**–**	–
Total income tax paid	**(66 705)**	(142 072)	**(11 578)**	(19 220)
D. Dividends paid				
Balance at beginning of year	**(1 657)**	(1 491)	**(1 657)**	(1 491)
Per statement of changes in equity	**(127 882)**	(320 086)	**(141 620)**	(354 472)
Balance at end of year	**1 699**	1 657	**1 699**	1 657
Total dividends paid	**(127 840)**	(319 920)	**(141 578)**	(354 306)

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
E. Disposal of business unit				
Property, plant and equipment and intangibles	–	112 272	–	–
Goodwill	–	1 254	–	–
Loans	–	6 380	–	–
Inventory	–	9 876	–	–
Trade and other receivables	–	13 725	–	–
Trade and other payables	–	(15 669)	–	–
Borrowings	–	(80 649)	–	–
Cash and cash equivalents	–	12 839	–	–
Net assets disposed	–	60 028	–	–
Profit on disposal of business unit	–	35 972	–	–
Total consideration received	–	96 000	–	–
Cash and cash equivalents	–	(12 839)	–	–
Cash flow on disposal, net of overdraft and cash disposed	–	83 161	–	–
F. Business unit reclassified as held for sale				
Property, plant and equipment and intangibles	–	2 708	–	–
Inventory	–	12 322	–	–
Trade and other receivables	–	15 213	–	–
Trade and other payables	–	(20 510)	–	–
Derivative financial instruments	–	743	–	–
Current tax liabilities	–	(2 543)	–	–
Deferred tax asset	–	274	–	–
Cash and cash equivalents	–	16 154	–	–
Subsequent increase in net asset value	–	6 245	–	–
Net assets reclassified as held for sale	–	30 606	–	–
Increase in assets held for sale	–	(51 889)	–	–
Increase in liabilities held for sale	–	21 283	–	–
Cash flow on reclassification	–	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2013

Group	Land and buildings R'000	Plant and equipment R'000	Vehicles R'000	Total R'000
1. Property, plant and equipment				
2012				
Net book amount at 1 October 2011	758 627	888 255	65 084	1 711 966
Changes for the year ended 30 September 2012:				
Exchange translation changes	(113)	(254)	(14)	(381)
Additions – Expansion	33 899	66 409	161	100 469
Additions – Replacement	15 766	77 247	9 087	102 100
Acquisition of business unit	(41 510)	(72 956)	(79)	(114 545)
Disposals	–	(722)	(594)	(1 316)
Assets scrapped	(602)	(1 001)	(448)	(2 051)
Impairment	(614)	(356)	–	(970)
Depreciation charge	(21 744)	(82 953)	(11 599)	(116 296)
Closing net book amount	743 709	873 669	61 598	1 678 976
Balance at 30 September 2012:				
Cost	1 055 599	1 623 332	151 589	2 830 520
Accumulated depreciation	(311 890)	(749 663)	(89 991)	(1 151 544)
Closing net book amount	743 709	873 669	61 598	1 678 976
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	**1 142 860**	**1 752 602**	**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**

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 R6 604 000 (2012: R2 137 000). The major portion of this capitalised borrowing cost was in respect of the construction of a new feed mill.

Impairment of plant in the amount of R3 559 000 relates to the closure of a production facility in the Feed segment, disclosed under administration expenses (refer note 18).

Assets with a book value of R73 086 000 (2012: R54 446 000) at a Zambian subsidiary are pledged as security for secured loans (refer note 12).

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
2. Intangible assets				
Software:				
Opening net book amount	**17 169**	11 120		
Changes for the year:				
Exchange translation changes	**162**	47		
Capitalisation of costs incurred	**9 225**	8 842		
Reclassification from property, plant and equipment	**2 213**	–		
Disposal	**(6)**	–		
Disposal of business unit	**–**	(435)		
Impairment	**(138)**	–		
Amortisation – included in administrative expenses	**(3 305)**	(2 405)		
Closing net book amount	**25 320**	17 169		
Cost	**55 298**	43 671		
Accumulated amortisation	**(29 978)**	(26 502)		
Closing net book amount	**25 320**	17 169		
3. Goodwill				
Cost at beginning of year	**136 135**	140 401		
Realised on disposal of business unit	**–**	(1 254)		
Impairment	**–**	(3 012)		
Cost at end of year	**136 135**	136 135		

The carrying amount of goodwill for Meadow Feeds Eastern Cape (Pty) Ltd has been impaired and written down to nil during the prior year.

Impairment in the amount of R138 000 relates to the closure of a production facility in the Feed segment, disclosed under administration expenses (note 18).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

		Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
3. Goodwill (continued)					
Impairment test for 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:					
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		
Impairment tests were based on the following assumptions:					
Assumptions – (a)					
– Average perpetuity growth rates (%)		**5,5**	5,0		
– Period (years)		**5**	4		
– Discount rates (%)		**12,6**	12,5		
Assumptions – (b)					
– Average perpetuity growth rates (%)		**5,5**	5,0		
– Period (years)		**5**	4		
– Discount rates (%)		**15,4**	15,0		
Assumptions – (c)					
– Average perpetuity growth rates (%)		**5,5**	5,0		
– Period (years)		**5**	4		
– Discount rates (%)		**18,0**	17,0		

If the discount rates are increased by 1% there will be a goodwill impairment of R30 million (2012: nil).

If either the forecasted feed cost increases by 1% or the net realisations of poultry products decrease by 1%, there will be a goodwill impairment of R108,6 million.

The accounting estimates and judgements on which the impairment tests are based are set out in paragraph 27 of the accounting policies.

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
4. Investment in associate				
Provimi SSA (Pty) Ltd				
Carrying value of investment at recognition date	**50 000**	–	**–**	–
Share of profit	**2 800**	–	**–**	–
The group's share of the aggregated assets and liabilities of the associate at 31 August 2013, are as follows:				
Assets	**34 485**	–	**–**	–
Liabilities	**14 249**	–	**–**	–
Revenues	**75 566**	–	**–**	–
Profit	**2 800**	–	**–**	–

The group's interest in Provimi SSA (Pty) Ltd is 25% from 1 December 2012. It was previously a 50% owned joint venture.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
5. Investments and loans				
Shares at cost:				
Subsidiaries	–	–	233 044	232 640
Joint ventures	–	–	–	3 240
Associates	–	–	1 620	–
Other unlisted:				
Group Risk Holdings (Pty) Ltd – a company holding investments in companies which operates in the field of insurance, reinsurance and risk management	2 086	2 504	–	–
Indebtedness:				
Subsidiaries	–	–	–	61
Other	3 262	5 262	–	–
	5 348	7 766	234 664	235 941

The fair value of these investments was based on level 3 in the fair value measurement hierarchy – i.e. based on inputs that are not based on observable market data.

There was no gain or loss on changes in the fair value recorded during the year (2012: nil).

The movement in the carrying values relates to disposals and repayments during the year.

The directors' fair value of the other unlisted investments equal its carrying value.

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.

Details of subsidiaries are given in note 32.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
6. Inventories				
Raw materials	130 769	160 292		
Finished goods and merchandise	253 300	166 633		
Consumable stores	56 615	52 508		
	440 684	379 433		

Inventory with a carrying value of R1 094 000 (2012: R471 000) at a Zambian subsidiary were pledged as security for loans (refer note 12).

The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R5 308 million (2012: R4 479 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

7. Biological assets

	Egg stock R'000	Breeding stock R'000	Broiler stock R'000	Total R'000
Group				
2012				
Fair value at 1 October 2011	56 478	204 839	188 813	450 130
Increase due to established costs	381 105	872 090	3 153 805	4 407 000
Decrease due to harvest/sales	(370 809)	(842 137)	(3 108 746)	(4 321 692)
Fair value adjustment	(1 314)	–	682	(632)
Fair value at 30 September 2012	65 460	234 792	234 554	534 806
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**

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 R11 619 000 (2012: R4 423 000) at a Zambian subsidiary were pledged as security for loans (refer note 12).

8. Trade and other receivables

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Financial instruments				
Trade receivables	**738 171**	669 801	**–**	–
Provision for impairment	**(3 543)**	(4 288)	**–**	–
Trade receivables – net	**734 628**	665 513	**–**	–
Other receivables	**15 543**	18 537	**60**	–
Non-financial instruments				
Pre-payments	**25 872**	4 470	**–**	–
VAT recoverable	**28 684**	30 519	**–**	–
Other receivables	**2 094**	4 530	**–**	–
	806 821	723 569	**60**	–

Trade receivables with a book value of R17 000 (2012: R151 000) at a Zambian subsidiary are pledged as security for loans (refer note 12).

The fair values of trade and other receivables approximate their carrying value.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
SA Rand	**789 805**	713 538	**60**	–
Zambia Kwacha	**11 689**	7 387	**–**	–
Mozambique Meticais	**5 327**	2 644	**–**	–
	806 821	723 569	**60**	–

8. Trade and other receivables (continued)

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Trade receivables are categorised as follows:				
Poultry	**525 521**	487 103	**–**	–
– Farming	**17 808**	27 668	**–**	–
– Retail and wholesale	**507 713**	459 435	**–**	–
Feed	**200 292**	173 868	**–**	–
– Farming	**180 050**	149 124	**–**	–
– Retail and wholesale	**20 242**	24 744	**–**	–
Other Africa	**12 358**	8 830	**–**	–
– Feed	**6 855**	819	**–**	–
– Farming	**5 503**	8 011	**–**	–
	738 171	669 801	**–**	–
Ageing profile of trade receivables:				
Up to 30 days	**727 982**	654 213	**–**	–
30 to 60 days	**1 400**	4 207	**–**	–
60 days and longer	**8 789**	11 381	**–**	–
	738 171	669 801	**–**	–
Trade receivables of R727 982 000 (2012: R654 213 000) are neither past due nor impaired.				
Trade receivables outstanding longer than 30 days per category:				
Poultry	**8 516**	14 915	**–**	–
Feed	**1 673**	673	**–**	–
	10 189	15 588	**–**	–
Provision for impairment:				
Balance at 1 October	**(4 288)**	(369)	**–**	–
Increase charged to profit and loss	**(192)**	(3 919)	**–**	–
Impairment provision utilised against trade receivables	**937**	–	**–**	–
Balance at 30 September	**(3 543)**	(4 288)	**–**	–
Ageing profile of provision for impairment:				
30 days and longer	**(3 543)**	(4 288)	**–**	–
Risk profile of trade receivables according to internal risk assessment:				
Low risk – National customers with low credit risk	**344 416**	290 110	**–**	–
General risk – Customers with a moderate risk profile	**384 996**	368 310	**–**	–
High risk – Customers with a high risk profile	**8 789**	11 381	**–**	–
	738 171	669 801	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
8. Trade and other receivables (continued)				
Collateral security held against trade receivables:				
Bank guarantees	**19 633**	31 860	**–**	–
Covering bonds over property	**9 682**	5 678	**–**	–
Notarial bonds over movable assets	**2 500**	–	**–**	–
Credit Guarantee Insurance Cover	**351 477**	323 405	**–**	–
	383 292	360 943	**–**	–
Collateral security held per trade receivable category:				
Poultry	**371 073**	354 971	**–**	–
Feed	**7 000**	4 500	**–**	–
Other Africa	**5 219**	1 472	**–**	–
	383 292	360 943	**–**	–
Refer to note 29 for detail on the management of the credit risk related to trade receivables.				
9. Cash and cash equivalents				
Cash at bank and in hand	**93 461**	25 267	**–**	–
Cash and cash equivalents include the following for purposes of the cash flow statement:				
Cash at bank and in hand	**93 461**	25 267	**–**	–
Bank overdrafts (note 12)	**(171 489)**	(102 602)	**(16 923)**	(5 583)
Cash and cash equivalents classified as held for sale	**–**	16 154	**–**	–
Cash and cash equivalents per the statement of cash flow	**(78 028)**	(61 181)	**(16 923)**	(5 583)
10. Share capital				
Authorised share capital				
75 000 000 ordinary shares of 1 cent each (2012: 75 000 000 ordinary shares of 1 cent each)	**750**	750	**750**	750
Issued share capital				
42 148 885 ordinary shares of 1 cent each	**422**	422	**422**	422
(2012: 42 148 885 ordinary shares of 1 cent each)				
Share premium	**1 622**	1 622	**1 622**	1 622
Total issued share capital and premium	**2 044**	2 044	**2 044**	2 044

All issued shares are fully paid.

10. Share capital (continued)

Number of shares effectively in issue	2013 Number of shares	2012 Number of shares	2013 Number of shares	2012 Number of shares
Issued shares	**42 148 885**	42 148 885	**42 148 885**	42 148 885
Treasury shares held by subsidiary	**(4 088 577)**	(4 088 577)	**–**	–
	38 060 308	38 060 308	**42 148 885**	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	**3 384 350**	3 415 800	**3 384 350**	3 415 800
Number of share options allocated	**–**	(99 350)	**–**	(99 350)
Number of share options forfeited	**36 500**	67 900	**36 500**	67 900
Number of share options available at end of year	**3 420 850**	3 384 350	**3 420 850**	3 384 350
The number of share options outstanding at end of year	**871 550**	908 050	**871 550**	908 050
Number of shares under the control of directors for the purpose of the share option scheme at end of 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.

11. 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 7 years. Options not taken up will lapse on the 7th 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:

Date	Exercise price	Number of options outstanding at beginning of year	Number of options forfeited during year	Number of options outstanding at end of year	Number of options exercisable at end of year
28 August 2007	R122.00	453 200	(4 400)	448 800	448 800
21 May 2008	R88.49	40 000	–	40 000	40 000
27 October 2008	R90.80	28 000	–	28 000	18 667
24 February 2009	R86.00	6 900	–	6 900	4 600
15 May 2009	R97.00	55 200	–	55 200	36 800
10 June 2009	R97.31	25 000	–	25 000	16 667
15 July 2009	R96.86	19 800	(4 600)	15 200	10 133
30 September 2011	R118.00	180 600	(17 500)	163 100	–
28 September 2012	R104.71	99 350	(10 000)	89 350	–
		908 050	(36 500)	871 550	575 667

Value of share options outstanding at the end of the year at the exercise price amounts to R99 290 061 (2012: R103 384 517).

No share options were granted during the year (2012: 99 350 options).

The service cost recognised in the current year in return for the cumulative share options granted to date to employees and directors amounts to R461 000 (2012: R1 652 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
12. Borrowings				
Non-current				
Secured loans	**37 229**	28 348		
Unsecured loan	**148 167**	–		
Less: Portion payable within one year included in current liabilities	**(40 141)**	(13 489)		
	145 255	14 859		
Current				
Bank overdrafts	**171 489**	102 602	**16 923**	5 583
Portion of non-current borrowings payable within one year	**40 141**	13 489	**–**	–
	211 630	116 091	**16 923**	5 583
Total borrowings	**356 885**	130 950	**16 923**	5 583
The carrying amounts of the group's borrowings are denominated in the following currencies:				
SA Rand	**301 373**	102 697	**16 923**	5 583
US Dollar	**–**	1 007	**–**	–
Zambian Kwacha	**55 512**	27 246	**–**	–
	356 885	130 950	**16 923**	5 583
Secured loans				
Secured loans are incurred by subsidiaries disclosed in the Other Africa segment	**37 229**	28 348		
Interest are linked to market-related rates.				
Interest rates at 30 September	**4,3 to 9,1**	4,6 to 10,0		
Assets with the following book values are pledged as security for the secured loans:				
Land and buildings	**45 244**	32 807		
Plant and equipment	**27 842**	16 639		
Biological assets	**11 619**	4 423		
Inventory	**1 094**	471		
Trade receivables	**17**	151		
Contractual maturity of payments of the secured loans:				
Not later than one year	**23 366**	14 965		
Between one and five years	**15 232**	15 502		
Over five years	**96**	95		
	38 694	30 562		
Less: Finance charges	**(1 465)**	(2 214)		
	37 229	28 348		

Repayments consist of monthly payments.

Maturity dates varies from October 2014 to July 2016.

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
12. Borrowings (continued)				
Unsecured loans				
An unsecured loan incurred by a subsidiary disclosed in the Feed segment	148 167	–		
Interest is linked to market-related rates.				
Interest rate at 30 September (%)	7,4	–		
Contractual maturity of payments of non-current borrowings:				
Not later than one year	25 163	–		
Between one and five years	218 622	–		
	243 785	–		
Less: Finance charges	(43 618)	–		
	200 167	–		
Outstanding advances receivable in next financial year	(52 000)	–		
	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	755 000	705 000		
– Denominated in Zambian Kwacha	24 163	–		
The borrowing facilities are reviewed on an annual basis.				
Borrowing powers				
No limit has been placed in the memorandum of incorporation on the borrowing powers of the company.				
13. Deferred tax				
Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 28% (2012: 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.				
Movement on the deferred tax asset account is as follows:				
At beginning of year	–	274		
Charge to profit and loss	–	–		
Reclassification to assets held for sale	–	(274)		
At end of year	–	–		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
13. Deferred tax (continued)				
Movement on the deferred tax liability account is as follows:				
At beginning of year	**407 711**	378 950		
Exchange translation changes	**353**	(44)		
Charge to profit and loss	**9 582**	28 805		
– Originating and reversal of temporary differences	**19 612**	27 919		
– Adjustment to amounts recognised in prior year	**(10 030)**	886		
At end of year	**417 646**	407 711		

Analysis of deferred tax liabilities:

Group	Opening balance R'000	Charge to profit and loss R'000	Exchange translation changes charged to other comprehensive income R'000	Closing balance R'000
2012				
Accelerated depreciation	349 937	21 161		371 098
Temporary difference on livestock and farming consumables	98 466	17 198		115 664
Provision for retirement benefit obligations	(25 383)	(880)		(26 263)
Provision for long-term retention payments	(13 697)	(4 788)		(18 485)
Provision for outstanding leave pay	(12 625)	470		(12 155)
Rental equalisation reserve	(2 724)	(722)		(3 446)
Provision for incentive bonuses	(6 429)	(1 870)		(8 299)
Assessed losses utilised	(7 426)	7 262		(164)
Other	(1 169)	(9 026)	(44)	(10 239)
	378 950	28 805	(44)	407 711
2013				
Accelerated depreciation	**371 098**	**(5 538)**		**365 560**
Temporary difference on livestock and farming consumables	**115 664**	**28 008**		**143 672**
Provision for retirement benefit obligations	**(26 263)**	**254**		**(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)**
Assessed losses utilised	**(164)**	**164**		**–**
Other	**(10 239)**	**(14 984)**	**353**	**(24 870)**
	407 711	**9 582**	**353**	**417 646**

Deferred tax liability of R14 274 000 (2012: R10 338 000) has not been recognised in respect of withholding tax in the event of future dividend distributions by foreign subsidiaries.

No deferred tax has been provided for a temporary difference of R42 240 000 in respect of the carrying value of investment in associates.

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
14. Retirement benefit obligations				
Post-employment medical benefits				
The group provides post-retirement healthcare benefits to some of its retirees – refer to paragraph 22 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.				
Amounts recognised in the profit and loss	3 345	7 859		
– Current service costs	1 217	1 405		
– Interest costs	7 146	7 323		
– Actuarial gain	(5 018)	(869)		
Provision for liability at reporting date	92 889	93 797		
Estimated employer benefits payable during next 12 months	4 448	4 186		
The liability recognised in the financial statements was actuarially valued at 30 September 2013 (previous valuation date: 30 September 2012). The liability was valued using the projected unit credit method.				
Discount rate (%)	8,0	7,7		
Healthcare inflation rate (%)	6,8	6,7		
Pre-retirement mortality rates as per SA85-90 ultimate table.				
Post-retirement mortality rates as per PA(90) ultimate table rated down 2 years plus an improvement of 0,75% from a base year of 2006.				
Present value of funded obligations per actuarial valuation at 30 September:				
Balance at beginning of year	93 797	90 654		
Current service cost	1 217	1 405		
Interest costs	7 146	7 323		
Actuarial gain	(5 018)	(869)		
Benefits payments	(4 253)	(4 716)		
Balance at end of year	92 889	93 797		

Sensitivity analysis	Accrued liability R'000	% change
Discount rate increases by 1% p.a.	81 991	(12)
Discount rate reduces by 1% p.a.	106 363	15
Subsidy inflation increases by 1% p.a.	106 330	14
Subsidy inflation reduces by 1% p.a.	81 847	(12)

The present value of the defined benefit obligation and the experience adjustment were as follows:	R'000	Experience adjustment %
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)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
15. Trade and other payables				
Financial instruments				
Trade payables	**1 020 252**	944 065		
Accruals and other payables	**151 460**	131 724		
Non-financial instruments				
Long-term retention payments	**65 756**	66 018		
VAT payable	**18 981**	16 088		
Outstanding leave obligations	**48 555**	43 412		
Competition Commission settlement	**17 000**	17 000		
Operating lease equalisation	**14 285**	12 308		
Accrued payroll expenses	**16 785**	10 622		
Other	**2 421**	66 539		
	1 355 495	1 307 776		
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
SA Rand	**1 324 029**	1 287 232		
Zambian Kwacha	**28 462**	18 532		
Mozambican Meticais	**3 004**	2 012		
	1 355 495	1 307 776		
16. Contingencies and commitments				
Capital commitments				
Capital expenditure approved not contracted	**108 270**	254 845		
Capital expenditure contracted but not recognised in the financial statements	**72 069**	17 055		
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:				
Not later than 1 year	**157 271**	144 174		
Later than 1 year and not later than 5 years	**660 870**	598 201		
Later than 5 years	**227 626**	312 262		
	1 045 767	1 054 637		

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
16. Contingencies and commitments (continued)				
Leases are contracted for periods ranging from 3 to 9 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 18.				
Other commitments				
The group has contracted its raw material requirements from various suppliers in terms of future supply agreements.				
Contracted amounts not recognised in the statement of financial position	**1 025 170**	1 206 446		

The group entered into a feed supply agreement whereby an agreed quantity of raw materials are procured from a supplier at market-related prices. The agreement expires in April 2014.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
17. Revenue				
Revenue from the sale of goods:				
Revenue denominated in South Africa Rand	**8 165 189**	7 898 437		
Revenue denominated in foreign functional currencies	**358 787**	261 641		
	8 523 976	8 160 078		
External revenue comprises the net value of the sales of feed and poultry-related products from the following segments:				
Poultry	**5 890 463**	5 778 714		
Feed	**2 176 244**	1 905 128		
Other Africa	**442 146**	341 308		
Services and ventures	**15 123**	134 928		
	8 523 976	8 160 078		
The following intra-group revenue is excluded:				
Poultry	**563 130**	493 068		
Feed	**2 827 778**	2 439 550		
Other Africa	**11 170**	6 227		
Services and ventures	**15 123**	87 692		
	3 417 201	3 026 537		
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	**1 669 038**	1 346 740		
Customer 2	**933 847**	541 683		
Customer 3	**547 813**	474 974		
Customer 4	**485 457**	418 503		
Customer 5	**230 569**	415 734		

18. Expenses by nature

Group	Cost of sales R'000	Adminis-trative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
2012					
Cost of raw material	4 754 776	–	–	–	4 754 776
Inventory written down and losses	1 675	–	–	–	1 675
Fair value adjustment to biological assets	752	–	–	–	752
Operating lease costs	37 358	4 783	106 599	353	149 093
Amortisation of intangibles	–	2 405	–	–	2 405
Depreciation on property, plant and equipment	105 264	5 320	5 137	575	116 296
Impairment of property, plant and equipment and goodwill	–	3 982	–	–	3 982
Repairs and maintenance	220 699	7 397	6 204	50	234 350
Water	37 797	209	–	–	38 006
Energy	368 235	1 117	2 273	–	371 625
Information technology-related costs	–	24 963	–	32	24 995
Advertising, marketing, promotional-related costs	–	–	–	69 433	69 433
Transport and distribution costs	19 828	–	261 809	–	281 637
Employee benefit expense	699 350	180 506	30 732	43 625	954 213
Directors' remuneration	–	25 150	–	–	25 150
Cost recognised for provision for long-term retention payment to employees	–	15 030	–	–	15 030
Cost recognised for share options granted to employees and directors	–	1 646	–	–	1 646
Auditor's remuneration	–	6 126	–	–	6 126
Other	467 766	139 003	23 259	13 972	644 000
	6 713 500	417 637	436 013	128 040	7 695 190
2013					
Cost of raw material	**5 308 380**	**–**	**–**	**–**	**5 308 380**
Inventory written down and losses	**2 067**	**–**	**–**	**–**	**2 067**
Fair value adjustment to biological assets	**3 116**	**–**	**–**	**–**	**3 116**
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 and intangibles	**110 243**	**3 550**	**5 155**	**476**	**119 424**
Impairment of property, plant and equipment	**–**	**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**	**156 711**	**31 742**	**43 004**	**960 521**
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**
Auditor's remuneration	**–**	**6 730**	**–**	**–**	**6 730**
Other	**395 910**	**116 956**	**32 568**	**10 843**	**556 277**
	7 306 905	**373 968**	**457 714**	**132 069**	**8 270 656**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
19. Directors' remuneration				
Executive directors				
Salaries	11 315	10 707		
Performance-related bonuses	–	2 790		
Long-term retention payments	7 918	7 434		
Retirement fund contributions	1 903	1 801		
Expense allowance and other payments	167	133		
	21 303	22 865		
Non-executive directors				
Fees	2 274	2 285		
Total directors' remuneration	23 577	25 150		
Less: Paid by subsidiary	(22 102)	(23 650)		
	1 475	1 500		

No share options in terms of the share option scheme were granted to the executive directors of the company during the year (2012: nil).
Refer note 12 for details of the share-based payment scheme.
Refer to the directors' remuneration report for details on bonus payments.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
20. Employee benefit expense				
Wages and salaries of permanent employees	729 167	738 374		
Termination benefits	2 468	2 200		
Retirement fund contributions	55 774	60 489		
Post-retirement benefits	4 253	4 716		
	791 662	805 779		
Cost of contracted labour	168 862	148 434		
	960 524	954 213		
Number of employees at 30 September:				
– Permanent employees	7 658	7 737		
– Contracted labour	3 534	3 682		
	11 192	11 419		
21. Other income				
Dividends received	19	21	80 000	354 852
Scrap sold	734	2 751	–	–
Bad debts recovered	204	–	–	–
Storage fee income	5 041	4 598	–	–
Net insurance recoveries	4 021	4 228	–	–
Rental received	2 489	1 894	–	–
Rebates received	1 465	–	–	–
	13 973	13 492	80 000	354 852

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
22. Other gains/(losses)				
Foreign exchange forward contract losses – realised	–	(47)	–	–
Foreign exchange losses on financial instruments	(146)	(1 697)	–	–
Profit on sale of property, plant and equipment	1 926	885	–	–
Profit on sale of investments	2 485	–	–	–
Fair value gains on financial instruments and raw material contracts not qualifying as effective hedges	–	1 052	–	–
Net of other gains and losses	–	(1 424)	–	–
	4 265	(1 231)	–	–
23. Finance expense and income				
Interest expense				
Bank borrowings	23 274	17 671	16	–
Loans	8 087	5 987	–	–
Other	3 082	2 850	–	–
	34 443	26 508	16	–
Less: Interest capitalised	(6 604)	(2 137)	–	–
	27 839	24 371	16	–
Interest income				
Bank surplus balances	490	4 897	–	538
Other	447	1 499	–	–
	937	6 396	–	538
Net finance expense	(26 902)	(17 975)	(16)	538

Interest was capitalised at rates between 7,2% and 8,5% in respect of expenditure on assets which took a substantial period of time to get ready for its intended use.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
24. Tax expense				
Current tax	**61 290**	116 287	**11 578**	–
Deferred tax	**19 612**	27 919	**–**	–
	80 902	144 206	**11 578**	–
Tax – prior year	**8 577**	(2 689)	**–**	–
Deferred tax – prior year	**(10 030)**	886	**–**	–
Withholding tax	**134**	1 023	**–**	–
Secondary tax on companies	**–**	19 220	**–**	19 220
	79 583	162 646	**11 578**	19 220
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	**326 882**	495 146	**140 140**	353 343
Tax calculated at a tax rate of 28% (2012: 28%)	**91 527**	138 641	**39 239**	98 936
Share of profit from associates	**(784)**	–	**–**	–
Effect of different tax rates in other countries	**171**	1 456	**–**	–
Profit on sale of investment at a different inclusion rate	**(11 707)**	(2 913)	**(5 806)**	–
Provision for Competition Commission settlement	**–**	4 760	**–**	–
Goodwill impairment	**–**	843	**–**	–
Expenses not deductible for tax purposes	**1 854**	1 341	**546**	423
Tax losses (utilised)/not utilised against normal and deferred tax provision	**(159)**	78	**–**	–
Adjustments to prior year's normal tax provision	**8 577**	(2 689)	**–**	–
Adjustments to prior year's tax base of assets and provisions used for calculating deferred tax	**(10 030)**	886	**–**	–
Income not subject to tax	**–**	–	**(22 400)**	(99 359)
Withholding tax	**134**	1 023	**–**	–
Secondary tax on companies	**–**	19 220	**–**	19 220
Tax charge per income statement	**79 583**	162 646	**11 579**	19 220

Further information about deferred tax is presented in note 13.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
25. Earnings per share				
Profit attributable to equity holders of the company used for calculating earnings per share and diluted earnings per share	**244 010**	329 335		
	cents	cents		
Basic earnings per ordinary share	**641**	865		
Diluted earnings per share	**641**	864		
	Number of shares	Number of shares		
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	**38 060 308**	38 060 308		
Adjustments for share options	**5 030**	36 013		
Weighted average number of ordinary shares for calculating diluted earnings per share	**38 065 338**	38 096 321		

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 acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated is compared to the number of shares that would have been issued assuming the exercise of the share options. No adjustment is made where the issue of share options have no dilutive effect on the number of shares in issue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2013

26. Headline earnings

	Gross R'000	Tax R'000	Net R'000
2012			
Net profit attributable to shareholders			329 335
Adjusted for:			
(Profit)/loss on sale of property, plant and equipment	(2 369)	664	(1 705)
Profit on disposal of business unit	(35 972)	6 326	(29 646)
Insurance recovery on damaged assets	(4 228)	1 184	(3 044)
Goodwill impairment	3 012	–	3 012
Loss on assets scrapped	1 484	(411)	1 073
Impairment of assets	970	(272)	698
Headline earnings			299 723
2013			
Net profit attributable to shareholders			**244 010**
Adjusted for:			
(Profit)/loss on sale of property, plant and equipment	**(3 284)**	**525**	**(2 759)**
Profit on sale of interest in a joint venture	**(79 426)**	**11 578**	**(67 848)**
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 assets	**3 697**	**(1 036)**	**2 661**
Headline earnings			**168 683**

	Group	
	2013 cents	2012 cents
Headline earnings per share	**443**	787
Diluted headline earnings per share	**443**	787

27. Dividends

	Group		Company	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
The following dividends (net of treasury shares) were declared in respect of the current year's profits:				
Interim dividend: nil (2012: 336 cents per share)	**–**	127 882		
Final dividend (Dividend No. 25)				
Declared on 6 November 2013 in respect of the year ended 30 September 2013 of 222 cents per share (2012: 336 cents per share)	**84 494**	127 882		
	84 494	255 764		

The current financial statements do not include the final dividend declared in respect of the financial year ended 30 September 2013.

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
28. Financial instruments				
The financial instruments are classified as follows;				
Financial assets				
Loans and receivables:				
Loans	3 262	5 262	–	61
Trade and other receivables	750 171	684 050	60	–
Cash and cash equivalents	93 461	25 267	–	–
Available for sale	2 086	2 504	–	–
	848 980	717 083	60	61
Financial liabilities				
Other				
Accounts payable	1 171 712	1 075 789	–	–
Shareholders for dividend	1 699	1 657	1 699	1 657
Bank overdrafts	171 489	102 602	16 923	5 583
Borrowings	185 396	28 348	–	–
	1 530 296	1 208 396	18 622	7 240

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 2013 the carrying amounts of loans and receivables and other financial liabilities approximated their fair values.

29. 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 is 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 2013, the after-tax effect of a 1% movement in the interest rates on the statement of comprehensive income will be R2 124 000 (2012: R859 000).

The group's main income and operating cash flows are substantially independent of changes in the market interest rates.

(ii) Foreign currency risk

Group

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 when management in consultation with the Chief Financial Officer regards it prudent. Forward exchange contracts entered into are related to specific statement of financial position items.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2013

29. 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
2013			
Financial assets	–	479	479
Financial liabilities	(770)	(35)	(805)
	(770)	444	(326)
2012			
Financial assets	–	1 312	1 312
Financial liabilities	(94)	(2 784)	(2 878)
	(94)	(1 472)	(1 566)

A 10% movement in the ZAR against the relevant foreign currencies will result in a R23 000 after-tax effect in the profits of the group (2012: R113 000).

There were no open foreign exchange contracts at 30 September 2013 (2012: nil).

Company

The company had no exposure to foreign currency risk for both the current and previous years.

(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 influenced 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 given. 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, whereby 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 by continuously upgrading 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.

29. Financial Risk Management (continued)

Credit risk (continued)

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.

Credit risks are controlled by the application of a number of credit controlling procedures, e.g. credit risk insurance cover, application of credit limits and strict adherence to those limits, annual re-assessment of the credit worthiness of customers, immediate follow-up on late payments, regular visits and communication with customers.

Trade receivables are categorised into the following risk profiles per the group's internal credit risk assessment:

- 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 solvebility and liquidity concerns, and existing customers in arrears as a result of financial difficulties.

No credit terms are granted to customers regarded as high risk per the above risk profiles.

These practices proved to be successful which is evident from the ageing profile of trade receivables as per note 8. The group does not consider there to be any significant concentration of credit risk that has not been adequately provided for at 30 September 2013.

Details of the carrying amounts of trade receivables, their classifications into different risk profiles, impairments recognised as well as collateral security held are contained in note 8.

There is no significant risk with loans as it is with related parties.

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 F2.

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; and
- the arrangement of short and long-term borrowing facilities from financial institutions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2013

29. Financial Risk Management (continued)

Liquidity risk (continued)

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				
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**
2012				
Borrowings	14 965	15 502	95	30 562
Trade and other payables	1 075 789	–	–	1 075 789
Shareholders for dividend	–	1 657	–	1 657
Bank*	102 602	–	–	102 602
Contingencies	–	–	29	29
	1 193 429	17 159	124	1 210 639
The company is an investment holding company and liquidity requirements are funded through dividend income from its subsidiaries.				
Company				
2013				
Bank*	**16 923**	**–**	**–**	**16 923**
Shareholders for dividend	**1 699**	**–**	**–**	**1 699**
	18 622	**–**	**–**	**18 622**
2012				
Trade and other payables	5 583	–	–	5 583
Shareholders for dividend	–	1 657	–	1 657
	5 583	1 657	–	7 240

* *Bank facilities are reviewed on an annual basis*

29. Financial Risk Management (continued)

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 chief financial officer continuously monitors the net debt to equity ratio.

The debt of the group consist mainly of the following:

- Long-term loans incurred 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 incurred by a South African subsidiary to finance the construction of a new feed mill in Standerton. The feed mill will replace feed currently supplied by an external feed supplier. The benefits from internally supplying feed from a 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	
	2013 R'000	2012 R'000
Total debt	**356 885**	130 950
Less: Cash and cash equivalents	**(93 461)**	(25 267)
Net debt	**263 424**	105 683
Equity	**1 727 680**	1 595 971
Total capital	**1 991 104**	1 701 654
Net debt to equity ratio (%)	**15,2**	6,6

The company manages its capital structure with dividend income from subsidiaries.

30. Related party transactions

Group

The group purchases vitamin and mineral pre-mixes for inclusion in the animal feed production process from an associate. All transactions are affected at arm's length prices.

	2013 R'000	2012 R'000
Sales of goods and services		
Sales	**457**	263
Purchases	**228 412**	177 508
Outstanding balances at year-end		
Receivables	**1 897**	2 991
Trade payables	**19 923**	11 385

Directors' remuneration

Details of directors' remuneration is given on page 92. Executive directors are eligible for an annual performance-related bonus payment linked to appropriate group targets. The structure and payments of bonuses is decided by the Human Resources and Remuneration Committee.

Details of share options granted to directors are given in the directors' remuneration report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group 2013 R'000	Group 2012 R'000
30. Related party transactions (continued)		
Key management		
Employees fulfilling 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 note 32 to the financial statements.		
Company		
Dividend received from subsidiary	80 000	354 852

Cross-guarantees

Cross-deed of suretyship in respect of borrowings has been given by Astral Foods Limited, Astral Operations Limited, National Veterinary Supplies (Pty) Limited, Meadow Feeds Eastern Cape (Pty) Limited and Central Analytical Laboratories (Pty) Limited in respect of borrowings.

	Group 2013 %	Group 2012 %
31. Interest in joint ventures		
Provimi SSA (Pty) Ltd (previously Nutec SA (Pty) Ltd)	–	50

The proportionate interest in the assets and liabilities were reclassified as assets and liabilities held for sale following negotiations during 2012 to dispose a 25% interest in the business.

The following amounts represent the group's share of assets and liabilities classified as held for sale, revenue and expenses and cash flows of the joint ventures, which are included in the consolidated financial statements:

	R'000	R'000
Assets and liabilities		
Assets held for sale	–	51 889
Liabilities held for sale	–	21 283
Net assets	–	30 606
Revenue and expenses		
Revenue	30 246	134 928
Profit before tax	4 730	21 175
Income taxes	(1 056)	(5 928)
Profit after tax	3 674	15 247
Cash flows		
Cash flow from operating activities	–	15 643
Investing cash flows	–	(4 519)
Financing cash flows	–	(653)
Net cash flows	–	10 471

32. 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	
		2013 R'000	2012 R'000	2013	2012	2013 R'000	2012 R'000
Unlisted investments							
Directly held:							
Astral Operations Limited	a	12	12	100	100	168 372	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	275	275
						232 640	232 640
Indirectly held:							
Meadow Eastern Cape (Pty) Ltd	c	–	–	100	100		
Meadow Mozambique 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		

† *Incorporated in Zambia*
* *Incorporated in Mozambique*
# *Incorporated in Swaziland*

The directors' valuation of the investments in subsidiary companies is not less than their respective carrying values.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 September 2013

	Group 2013 R'000	Group 2012 R'000
33. Assets and liabilities held for sale		
Provimi SSA (Pty) Ltd (previously Nutec SA (Pty) Ltd)		
The group has been approached to sell 25% of its interest in the Nutec SA (Pty) Ltd joint venture. The group procure animal feed pre-mixes from Nutec and holds a 50% interest in the company. It has been proportionately consolidated and disclosed under the Services and ventures segment in the group financial statements.		
A degree of certainty was reached at the end of May 2012 that the sale of the 25% interest will be successful, subject to certain suspensive conditions which were not all met at 30 September 2012.		
The proportionate share of the assets and liabilities of Nutec are excluded from the consolidated statement of financial position at 30 September 2012 and have been reclassified as assets and liabilities held for sale:		
Property, plant and equipment	–	3 363
Deferred tax asset	–	274
Inventories	–	12 043
Trade and other receivables	–	14 286
Cash and cash equivalents	–	21 923
Assets held for sale	–	51 889
Trade and other payables	–	18 740
Tax	–	2 543
Liabilities held for sale	–	21 283

The group's statement of comprehensive income includes the proportionate share of Nutec's income and expenses up to 30 November 2012.

The group's statement of cash flows includes the proportionate share of Nutec's cash flows up to 31 May 2012.

34. Events subsequent to statement of financial position date

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

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of holders	% of total shareholders	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000 shares	3 595	70,1	1 304 485	3,1
1 001 – 10 000 shares	1 171	22,8	3 598 812	8,5
10 001 – 100 000 shares	306	6,0	9 295 474	22,1
100 001 – 1 000 000 shares	51	1,0	14 085 690	33,4
1 000 001 shares and above	5	0,1	13 864 424	32,9
Total	**5 128**	**100,0**	**42 148 885**	**100,0**

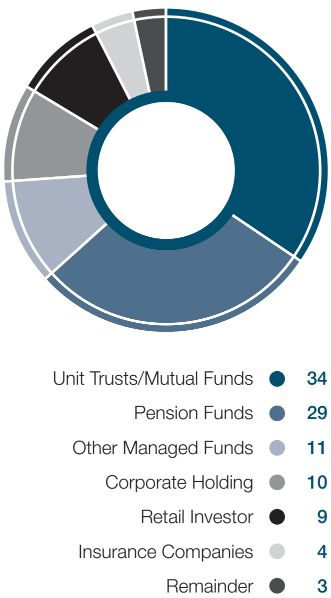
	Total shareholding	% of issued capital
DISTRIBUTION OF SHAREHOLDERS		
Unit Trusts/Mutual Funds	14 526 169	34,5
Pension funds	12 225 041	29,0
Other managed funds	4 413 198	10,5
Corporate holding	4 088 577	9,7
Retail investor	3 764 906	8,9
Insurance companies	1 770 240	4,2
Charity	344 173	0,8
Exchange-traded funds	210 850	0,5
Custodians	186 818	0,4
University	179 522	0,4
Sovereign wealth	115 187	0,3
Hedge funds	86 334	0,2
Investment trust	75 305	0,2
Foreign government	18 277	0,0
Remainder	144 288	0,3
Total	**42 148 885**	**100,0**

	Number of holders	% of total shareholders	Number of shares	% of issued capital
NON-PUBLIC/PUBLIC SHAREHOLDERS				
Non-public shareholders	6	0,1	4 325 577	10,3
Directors	5	0,1	237 000	0,6
Astral Operations	1	0,1	4 088 577	9,7
Public shareholders	5 122	99,9	37 823 308	89,7
Total	**5 128**	**100,0**	**42 148 885**	**100,0**

ANALYSIS OF ORDINARY SHAREHOLDERS (continued)

	Total shareholding	%
BENEFICIAL INTEREST ABOVE 3%		
Government Employees Pension Fund (PIC)	5 642 386	13,4
Astral Operations	4 088 577	9,7
Investec Opportunity Fund	1 854 932	4,4
Fidelity Devonshire Trust	1 272 540	3,0
Total	**12 858 435**	**30,5**
INVESTMENT MANAGEMENT SHAREHOLDINGS ABOVE 3%		
Allan Gray Investment Council	6 425 898	15,3
Government Employees Pension Fund (PIC)	5 480 028	13,0
Astral Operations Limited	4 088 577	9,7
Prudential Portfolio Managers	3 961 932	9,4
Investec Asset Management	3 522 842	8,4
Fidelity Management and Research Company	1 984 200	4,7
Sanlam Investment Management	1 898 199	4,5
Colonial First State Global Asset Management	1 415 382	3,4
Total	**28 777 058**	**68,3**

DISTRIBUTION OF SHAREHOLDERS
(%)



Source: Own data

NOTICE OF ANNUAL GENERAL MEETING

THIRTEENTH 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 broker, 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 attached 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 thirteenth annual general meeting of members of Astral Foods Limited will be held in the Boardroom, 92 Koranna Avenue, Doringkloof, Centurion on Thursday, 13 February 2014 at 08:00, to transact the following business: (Salient dates for the meeting are listed on page 151 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 2013, together with the directors' and auditor's reports.

Re-election of directors

Ordinary resolution number 2

To note that, in terms of article 34.3 of the company's memorandum of incorporation, TP Maumela and TM Shabangu retire by rotation at the annual general meeting but, being eligible, have offered themselves for re-election.

Brief particulars of the qualifications and experience of TP Maumela and TM Shabangu are available on page 38 of this report.

Ordinary resolution number 3

To note that, in terms of article 34.4.1 of the company's memorandum of incorporation, IS Fourie and JJ Geldenhuys 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 36 and 37 of this report.

Re-appointment of members of the Audit and Risk Management Committee

Ordinary resolution number 4

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	(Chairman)
T Eloff	(Member)
IS Fourie	(Member)

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 King III 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. Mr IS Fourie's appointment is subject to his re-election as a director pursuant to ordinary resolution number 3.

Brief particulars of the qualifications and experience of the above are available on pages 36 and 37 of this report.

Re-appointment of members of the Social and Ethics Committee

Ordinary resolution number 5

To appoint by way of individual separate resolution, the following directors/employees as members of the Social and Ethics Committee:

T Eloff	(Chairman)
GD Arnold	(Member)
LW Hansen	(Member)

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 37 and 41 of this report.

Appointment of auditors

Ordinary resolution number 6

To appoint PricewaterhouseCoopers Incorporated, on the recommendation of the current Audit and Risk Management Committee, as independent registered auditor of the company (with D von Hoesslin as the individual designated auditor) for the 2014 financial year.

Authority for determination of auditor's remuneration

Ordinary resolution number 7

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 8

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 56 to 59 of this integrated annual report which contains a summary of the company's remuneration policy.

Signature of documentation

Ordinary resolution number 9

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 thirteenth Annual General Meeting of the company.

SPECIAL BUSINESS

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions in the manner required by the Companies Act, 71 of 2008 ("the Companies Act") and subject to the Listings Requirements of the JSE Limited ("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 2013 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 2014 R'000	Fixed fee per annum 2013 R'000
Chairman of the board	530	**500**
Member of the board	212	**200**
Chairman of the Audit and Risk Management Committee	160	**151**
Member of the Audit and Risk Management Committee	84	**79**
Chairman of the Human Resources, Remuneration and Nominations Committee	151	**151**
Member of the Human Resources, Remuneration and Nominations Committee	79	**79**
Chairman of the Social and Ethics Committee	151	**151**

Special resolution number 1 is proposed in order to comply with the requirements of the Companies 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 for 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.

Reasons for and effect of special resolution number 2

The reason for special resolution number 2 is 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.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in this report of which this notice forms part:

- directors and management – pages 36 to 44;
- major shareholders of the company –pages 143 and 144;
- directors' interests in securities – pages 93 and 121;
- share capital of the company – pages 120 and pages 92 and 93; and
- litigation statement – page 87.

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 one vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of members he represents have only 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 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 annual general 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, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 08:00 on Wednesday, 12 February 2014.

Holders of Astral shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, 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 of proxy will not preclude the member or proxy 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

MA Eloff
Company secretary

Pretoria
6 November 2013

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 2013 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 directors are required to retire at each annual general meeting and may offer themselves for re-election. IS Fourie and JJ Geldenhuys retire from the board in accordance with article 34.4.1 of the company's memorandum of incorporation and offer themselves for re-election. In terms of article 34.32 of the company's memorandum of incorporation, TP Maumela and TM Shabangu, being newly appointed directors, are required to retire by rotation at the first annual general meeting after their appointment as directors and offer themselves for re-election.

Brief particulars of the qualifications and experience of the above are available on pages 36 to 39 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;
- 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 resolutions numbers 2 and 3.

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;
- 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;
- 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 88 to 90.

4. Re-appointment of independent auditor

PricewaterhouseCoopers Incorporated has communicated its willingness to continue in office and ordinary resolution number 6 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

5. Determination of auditor's 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 56 to 59 of this 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 8 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

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 56 to 59 and page 49 of the Corporate Governance report contained in this report. At a recent meeting of the Human Resources, Remuneration and Nominations Committee it was recommended that a 6% increase in fees payable to the chairman and members of the board and the chairman and the members of the Audit and Risk Management Committee 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, 13 February 2014

REPORTS AND ACCOUNTS

Interim report for the six months ending 31 March 2014	May 2014
Announcement of annual results for the year ending 30 September 2014	November 2014
Annual report	December 2014

DIVIDENDS

Ordinary dividend No. 25 of 222 cents per share	
Last date to trade *cum* dividend	Friday, 17 January 2014
Shares commence trading ex dividend	Monday, 20 January 2014
Record date	Friday, 24 January 2014
Payment of dividend	Monday, 27 January 2014
Interim dividend – March 2014	
Declaration	May 2014
Payment June 2014	
Final dividend – September 2014	
Declaration	November 2014
Payment January 2015	

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, 6 December 2013
Notice posted to shareholders (note 3)	Wednesday, 11 December 2013
Last day to trade in order to be eligible to participate and vote at the annual general meeting	Friday, 7 February 2014
Record date for attending and voting at annual general meeting Record Date	Friday, 31 January 2014
Last day for shareholders to lodge forms of proxy for the annual general meeting by 08:00	Wednesday, 12 February 2014
Annual general meeting to be held at 08:00	Thursday, 13 February 2014
Results of annual general meeting to be released on SENS	Friday,14 February 2014

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 released 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 thirteenth annual general meeting is Friday, 6 December 2013 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, 7 February 2014. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday, 7 February 2014 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

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
e-mail: contactus@astralfoods.com

Website address

http:/www.astralfoods.com

Auditors

PricewaterhouseCoopers Inc.

Principal banker

Nedbank Limited

Sponsor

JP Morgan Equities South Africa (Pty) Limited
1 Fricker Road, corner Hurlingham Road
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone (011) 507 0430

Transfer secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

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
RJ Steenkamp

Africa Feeds Limited (Zambia)

Registration number 36327

Directors: GD Arnold
TD Banda *
UR Daniel
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

Directors: GD Arnold
DD Ferreira
CE Schutte

Meadow Moçambique Limitada

Registration number 5710/MP/G/2001

Directors: GD Arnold
T Kruger
RJ Steenkamp
JR Tinga *
**Mozambican*

Mozpintos Limitada

Registration number 100228777

Directors: GD Arnold
T Kruger
RJ Steenkamp

National Chicks Swaziland

Registration number 94/63894/07

Directors: GD Arnold
P Russell *
RJ Steenkamp
**Irish*

Progressive Poultry Limited

Registration number 70163

Directors: GD Arnold
TD Banda *
UR Daniel
RJ Steenkamp
**Zambian*

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 thirteenth annual general meeting of the company to be held at 92 Koranna Avenue, Doringkloof, Centurion on Thursday, 13 February 2014 at 08:00.

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 13 February 2014, do hereby appoint (see note below):

____________________ or failing him/her,

____________________ or failing him/her,

the chairman of the meeting, with the mandate to speak on my behalf, and to exercise my votes as instructed below, on the proposed ordinary and special resolutions and any amendments thereto that are within the scope of the notice convening the meeting.

Signature ____________________

Signed this ____________________ day of ____________________

*(*Indicate instructions to proxy by way of a cross in the space provided below.)*

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 2013			
2.1 To re-elect TP Maumela as director			
2.2 To re-elect TM Shabangu as director			
3.1 To re-elect IS Fourie as director			
3.2 To re-elect JJ Geldenhuys as director			
4.1 To re-elect M Macdonald as member of the Audit and Risk Management Committee			
4.2 To re-elect T Eloff as member of the Audit and Risk Management Committee			
4.3 To re-elect IS Fourie as member of the Audit and Risk Management Committee			
5.1 To re-elect T Eloff as member of the Social and Ethics Committee			
5.2 To re-elect GD Arnold as member of the Social and Ethics Committee			
5.3 To re-elect LW Hansen as member of the Social and Ethics Committee			
6. To re-appoint PricewaterhouseCoopers Inc. as auditors for the 2014 financial year			
7. To confirm the authority of the Audit and Risk Management Committee to determine the remuneration of the auditors			
8. To endorse the company's remuneration policy and its implementation			
9. 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			
10. **Special resolution number 1** To approve the remuneration payable to non-executive directors			
11. **Special resolution number 2** To authorise the directors to approve actions related to transactions amounting to financial assistance			

Please read the notes on the reverse hereof.

NOTES TO THE 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 this 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, 12 February 2014.

Documentary evidence establishing the authority of the person signing this form of 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 form of proxy.

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.

www.astralfoods.com