INTEGRATED ANNUAL REPORT

2015

ASTRAL

A leading Southern African integrated poultry producer

CONTENTS

OVERVIEW 1

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
- Sales and distribution of various key poultry brands

SCOPE AND BOUNDARY

Content

Astral Foods' integrated annual report covers the economic, environmental and social activities of the group and their consequences for stakeholders for the year ended 30 September 2015. It aims to provide a broad range of stakeholders with a transparent and an holistic view of the group's financial and non-financial performance and how we created value. Six capitals (financial, manufactured, human, social, natural and intellectual) and how we build or deplete them are addressed in this report, while not specifically referred to in this manner.

The report is evolving to present these aspects in an integrated manner confirming operational responsibility and accountability for business sustainability and covers the operations of the group and major subsidiaries for the period from 1 October 2014 to 30 September 2015. This report was approved by the board on 11 November 2015.

Materiality

The report focuses on issues which the board and management believe are material to stakeholders and could impact value creation.

Assurance

The report as a whole is not independently assured and the board will consider full assurance in the future if deemed necessary.

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

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

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

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

Scope

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

Statement by the board of directors of Astral Foods Limited

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

Theuns Eloff	Chris Schutte
Chairman	**Chief executive officer**

11 November 2015

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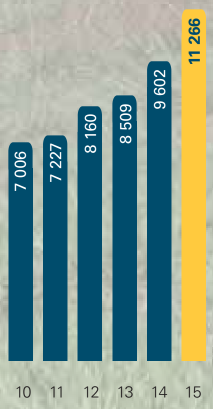
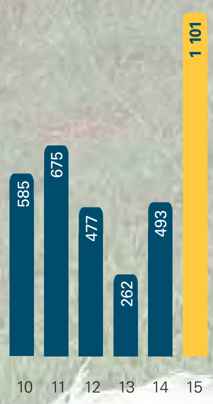
FINANCIAL HIGHLIGHTS

GROUP REVENUE INCREASE	OPERATING PROFIT INCREASE	HEPS INCREASE	FINAL DIVIDEND PER SHARE
17,3%	123%	133%	575c

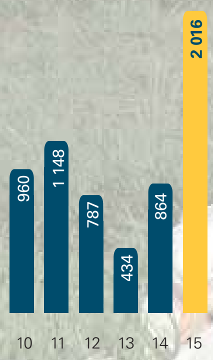
REVENUE
(R million)



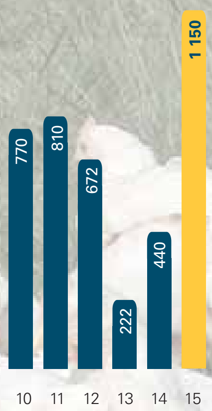
OPERATING PROFIT
(R million)



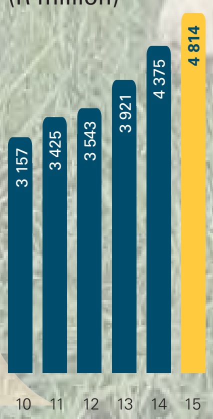
HEADLINE EARNINGS PER SHARE
(R million)



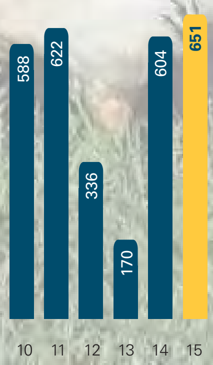
DIVIDENDS PER SHARE*
(cents per share)



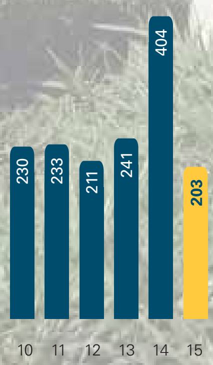
TOTAL ASSETS
(R million)



CASH GENERATED FROM OPERATING ACTIVITIES
(R million)



CAPITAL EXPENDITURE
(R million)



* *Declared out of earnings for the relevant year.*

ASTRAL FOODS AT A GLANCE

Astral Foods was established and listed in April 2001 on the JSE Limited, after Tiger Brands unbundled its agricultural operations. Currently Astral Foods is ranked in the top 100 companies listed on the JSE Limited with some 4 000 shareholders and in excess of 13 000 full-time and contract employees.

Our operations are strategically located within Southern Africa with poultry operations in South Africa, Mozambique, Swaziland and Zambia, and feed mills in South Africa, Mozambique and Zambia.

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.

STRATEGIC FOCUS

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

POULTRY

R8 739m

REVENUE
(2014: R6 967 million)

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

R6 236m

REVENUE
(2014: R5 506 million)

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

R494m

REVENUE
(2014: R499 million)

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.

GROUP ACTIVITIES

Integrated broiler operations

We have four fully integrated broiler production, processing, distribution, sales and marketing operations with a combined processing capacity of 4 922 000 processed broilers per week made up as follows:

County Fair	Festive	Goldi	Mountain Valley
1 610 000	1 289 000	1 845 000	178 000

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

County Fair, Goldi and Mountain Valley market and distribute a full range of value added products comprising frozen reformed crumbed and ready-to-eat chicken products.

Day-old broiler and hatching egg supplier

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

Animal feed

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

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

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

Animal feed pre-mix

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

Broiler genetics

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

Laboratory services

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

ASTRAL AS AN INVESTMENT

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 STRUCTURE

ASTRAL FOODS LIMITED

- National Chicks Limited – 100%
- National Chicks Swaziland Pty Ltd – 67%
- Provimi SSA Pty Limited – 25%
- Africa Feeds Ltd (Zambia) – 100%
- Progressive Poultry Ltd – 100%

100%

ASTRAL OPERATIONS LIMITED

POULTRY – 100%

- Goldi
- Festive
- Mountain Valley
- County Fair
- National Chicks
- Ross Poultry Breeders

FEEDS – 100%

- Meadow Feeds Randfontein
- Meadow Feeds Delmas
- Meadow Feeds Paarl
- Meadow Feeds Ladismith
- Meadow Feeds KZN
- Central Analytical Laboratories

- Meadow Feeds Standerton Pty Ltd – 100%
- Meadow Feeds Eastern Cape Pty Ltd – 100%
- Meadow Moçambique Limitada – 80%
- Mozpintos Limitada – 100%
- Astral Foods East Africa Share Company – 100%

Feeds Operations · Poultry Operations · Investment holding

OUR BUSINESS MODEL

Integrated across the animal feed and poultry production chain

INPUTS
(WHAT WE HAVE)

- Brands
- People
- Technical skills
- Geographic representation
- Strong financial position

ASTRAL AS AN INTEGRATED POULTRY PRODUCER

GRAND PARENT OPERATION

22 weeks	40 weeks	3 weeks
Rearing	Laying	Hatching
Grand parent farms		

ROSS

BREEDING AND BROILER OPERATIONS

22 weeks	40 weeks	3 weeks	34 – 35 days
Rearing	Laying	Hatching	Growing
Parent farms			Broiler farms

National Chicks · Earlybird · County Fair

PROCESSING

4 Processing plants

Standerton	Oilfantsfontein	Camperdown	Agter Paarl

KEY DRIVERS THAT BRING OUR STRATEGY TO LIFE

(WHAT WE MEASURE)

WE INVEST IN HIGH QUALITY, BEST-COST OPERATIONS

Astral ensures that through **continuous investment** in replacing assets and incorporating new technology, enhanced by an effective **workplace improvement programme**, that a **best cost culture** is fostered to support improved **productivity** and **efficiency** improvements.

WE INVEST IN OUR PEOPLE

Through competitive remuneration structures, targeted **transformation programmes**, broad based **skills development** programmes, visible **succession plans** and a culture of promoting from within, Astral ensures that **staff development** and **retention** embeds strong support for the group's long term goals.

WE FOCUS ON PERFORMANCE, RELIABILITY AND SUSTAINABILITY

The existence of key best practices underpinning **good corporate citizenship** and the identification of the main business risks and procedures for **ongoing risk control** and **management**, documented targets for **strategic growth plans** and **strategic objectives** as well as systems to manage and **protect key assets**, Astral strives to ensure that a long term sustainable results driven performance will be delivered.

WE ARE PASSIONATE ABOUT OUR EXTERNAL RELATIONSHIPS

Astral is passionate about our engagement with external stakeholders, and a committed orientation towards this ideal is supported through a culture of **open** and **transparent communication, product responsibility, quality management systems,** statutory and **regulatory compliance** coupled to a strong sense of **self regulation** and **high ethical standards.**

These key drivers link to our strategic focus areas; see pages 12 and 13.

FEED SUPPLY

More than just feed

BRANDS

OUTPUTS

- Shareholder value
- Quality products
- Service excellence
- Sustainable development

STRATEGIC FOCUS AREAS

Our approach to sustainable value creation

STRATEGIC FOCUS AREAS

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

Astral focuses on performance, reliability and sustainability

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 B-BBEE 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				

BUSINESS
OVERVIEW

	BUSINESS	ACTIVITIES
SOUTH AFRICA	FESTIVE, GOLDI	Festive and Goldi – These two processing facilities are located in Olifantsfontein (Gauteng) and Standerton (Mpumalanga). Each has its own breeding and hatching operation and process approximately 3 134 000 million broilers per week and makes use of a large number of contract growers to rear birds for slaughter. Various well-known brands such as Festive, Goldi and SupaStar are marketed and distributed into the wholesale and retail sectors. Products are supplied to the quick-service restaurant industry most notably, Spur and the Famous Brands group (Wimpy, Steers). Meadow Feeds – situated in Randfontein, Delmas and Standerton – supplies feed to the two integrated broiler operations.
	MOUNTAIN VALLEY	The Mountain Valley abattoir situated in Camperdown, provides us with a strategic processing presence in KwaZulu-Natal processing 178 000 broilers per week. Meadow Feeds situated in Pietermaritzburg supplies feed to Mountain Valley.
	COUNTY FAIR	Located in the Agter-Paarl, County Fair is a fully integrated broiler producer processing 1 610 000 million broilers per week, including the broilers supplied by Tydstroom. The abattoir 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 POULTRY BREEDERS	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 genetic material to the South African poultry industry.
	MEADOW FEEDS	Acknowledges and supports consumers' increased awareness and demand for ethical practices leading to safer food and product quality guarantees. This is increasingly relevant to modern agriculture with commercial and emerging farmers demanding the very best in animal feed. The application of world-class technology, production standards in feed safety and production methods ensure that Meadow delivers what farmers require most – good value, safe feed and superior yields.
	CAL	Offers a diverse range of laboratory analyses to the animal feed industry. Employs the latest instruments and methods to provide the best possible service to its client base.
	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.
OUTSIDE SOUTH AFRICA	TIGER CHICKS	A breeder farm and hatchery producing day-old broiler chicks for the Zambian and export markets. 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 onsite 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.
	NATIONAL CHICKS SWAZILAND	The largest hatchery in Swaziland, producing 340 000 day-old chicks per week for the local and export markets.
	MEADOW MOZAMBIQUE	A feed mill situated in Maputo that supplies breeder feed to Mozpintos. Meadow Mozambique also supplies animal feed to the external market throughout Mozambique.

ASTRAL'S PROFIT BEFORE INTEREST AND TAX REACHED A RECORD R1,1 BILLION SINCE LISTING IN 2001.

OVERVIEW BY THE CHAIRMAN

Theuns Eloff

HIGHLIGHTS

- This financial year will be remembered as the best year in Astral's history.
- A solid and much improved performance was reported by both the Poultry and the Feed divisions.

Highlights of the past year

F2015 will be remembered as the best year in Astral's history so far. As Chris Schutte puts it: "All the stars were aligned". This resulted in a solid and much improved performance by both the Poultry and the Feed divisions. For the first time, the company's profit before interest and tax exceeded R1,1 billion. But this did not happen without good planning, previous strategic decisions successfully implemented and hard work. The following elements contributed to a highly successful year:

- Higher broiler volumes, especially brought about by the Western Cape agreement with Quantum Foods (Tydstroom).
- A slightly higher consumer demand and consequent higher pricing, tracking food price inflation for the first time in years.
- Well-managed raw material and especially maize procurement, assisted by the new Standerton feed mill.
- Well-managed and efficient poultry and feed operations, with a firmly embedded best cost culture.

The international context

This performance comes at a time when the South African economy is still struggling. And the same can be said for the rest of the world. Brazil and Russia are in recession and China is in a slowdown phase – although it still claims to grow at 6,9%. India is the one major exception and may top the world with a projected growth of 7,8% in 2015. The European countries are all still experiencing sluggish growth, but there are also signs of a solid momentum building. There are signs of hope in the USA and the UK (2,4% growth projected for 2015) as their economies are slowly but surely picking up. Emerging Markets are expected to grow at an average of 3,9% in 2015, while Developed Markets' growth is expected to be just below 2%.

GDP growth projections

	2014	**2015**	2016
The World	3,43	**3,1**	3,5
Advanced economies	1,83	**1,9**	2,3
EM and developing economies	4,6	**3,9**	4,5
Sub-Saharan Africa	5,0	**3,8**	4,3
South Africa	1,5	**1,4**	1,3

Source: IMF.

FOCUS

- The drought of the past year and the effects of the El Niño will probably be extremely negative for the South African maize crop in the coming year.
- The impact of the low economic growth rate on trading.
- The policy decision by government on the poultry industry.
- The impact of political instability in the run up to the elections.

The possible increase of interest rates in especially the USA, as well as the quantative easing still employed in a number of countries (notably Europe) are crucial factors in a possible full scale recovery. And although the International Monetary Fund's growth projections for 2016 are upwards, there are too many unknown factors to take this for granted. For example, the present very strong El Niño effect will probably have a very negative effect on a number of emerging market economies in the next few months.

Sub-Saharan Africa has overall made good strides to democracy and market economies in the past number of years – and the Gross Domestic Product growth of a number of countries show that. Unfortunately, political instability, also associated with regime changes, are making investments in many countries risky and even undesirable. This contributes to an image of Africa that is not flattering or conducive to investment.

The South African situation

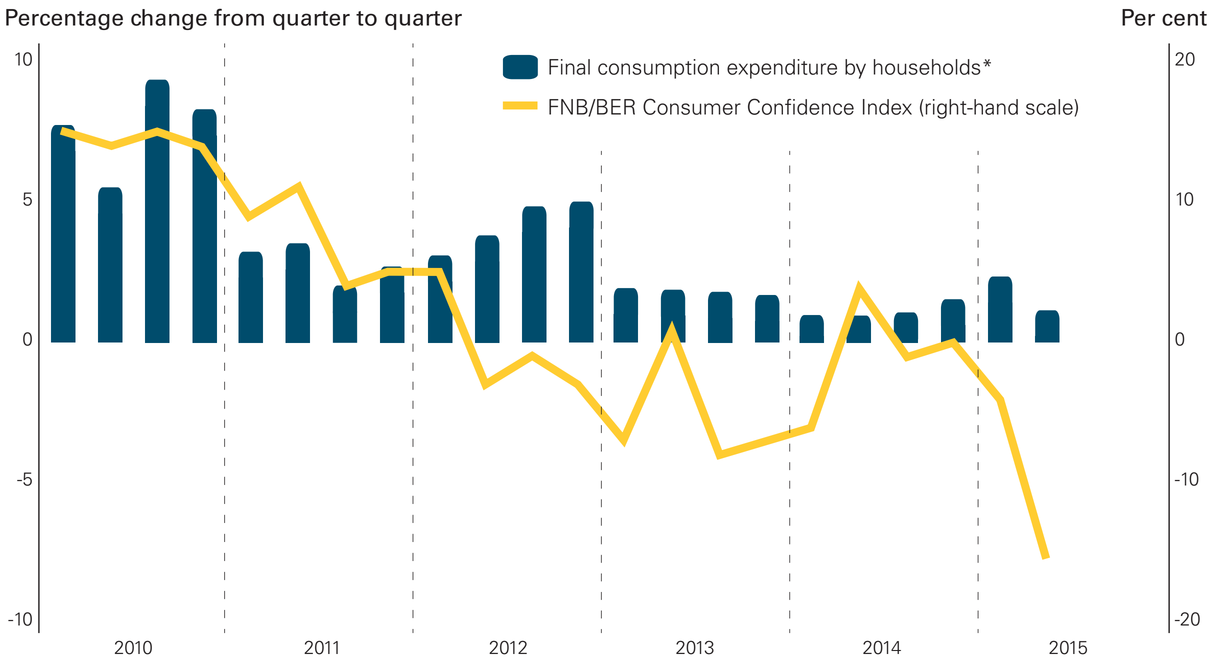
As a developing economy, there is very little South Africans can hope to gain in the short term from a recovery in the global economy. And as stated above, the South African economy is still struggling to gain momentum after low growth during the last few years. At a projected 1,4% GDP growth rate for 2015, it is better than many developed economies, but that is a small consolation. The country's unemployment and poverty levels need consistent decline of at least 5% for a number of years.

We are, however, caught between the fact that we are an emerging market and therefore prone to all the ills of those economies (including a weakening currency) and domestic problems plaguing our economy. We cannot do anything about the first, but in addressing the domestic issues we may at least try to buffer ourselves against the negative factors inherent in being part of the developing world.

At a policy level we are fortunate to still have sound monetary and fiscal policy with a central bank that plays a constructive role. The Department of Trade and Industry and indeed the minister, Dr Rob Davies, must also be complimented on the way they supported the poultry industry in the negotiations with the United States relating to the Africa Growth and Opportunity Act issue, although that issue does not seem to be resolved as yet. Astral also has respect for the accessibility of the Minister of Agriculture, Mr Senzeni Zokwana and his willingness to listen to agricultural stakeholders.

Unfortunately, that is where the good news on the economy ends. The environment in which business has to operate is increasingly becoming more difficult. This can be

REAL FINAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS AND CONSUMER CONFIDENCE



* Seasonally adjusted annualised rates. Source: Quarterly Bulletin September 2015 South African Reserve Bank.

attributed to a number of factors, most of which have to do with a general policy framework that does not incentivise business, as well as administrative pricing that is adding a huge financial burden on doing business in South Africa. The inability of Eskom to provide a consistent energy supply is another factor. The fact that load-shedding has not occurred on large scale towards the end of 2015, is less due to Eskom getting its house in order, than a general slowdown in the economy.

By and large business supports redress and black economic empowerment, and great strides have been made. But the fact that the B-BBEE goal posts seems to be moved every year, has a demotivating effect on the business community. The same can be said of numerous pieces of legislation on employment equity and labour relations. All told, it is becoming increasingly difficult to do business in South Africa. And any good performances by companies are increasingly despite the regulatory environment, and not because of an empowering environment.

On the political front, the country is bracing itself for turmoil associated with elections, as the local government elections of 2016 are approaching. Service delivery protests are the order of the day, students launch protests for free higher education and the conduct of certain political parties brings disgrace to Parliament. All of this and more does not help to market South Africa as an international investment destination.

We can only be hope that political leadership can be shown and that the South African trait of turning the most unlikely crisis situations around, will prevail.

Corporate governance

The Astral board has again conducted itself with distinction during the past year, as it strived to fulfil its fiduciary duties in terms of both the letter and the spirit of the King III guidelines. The usual self-assessment of performance was carried out by each director, including an assessment of fellow directors' performance. The performance of board committees and the board itself was also assessed. The same is true of performance of the board chairman, the chief executive and the company secretary.

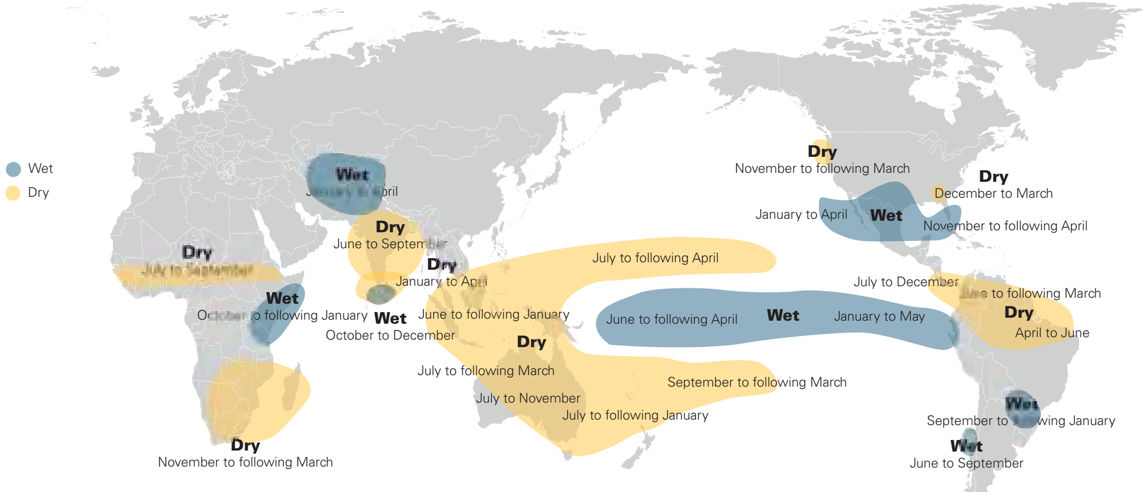
Dr Obed Lukhele, Group Veterinary Director and board member since May 2007, decided to focus rather on his veterinarian duties and further professional development, and will step down from the board in February 2016. I want to thank him for his support and valuable and thoughtful input into board processes. We wish him well in his further career at Astral.

The longest serving member of the Astral board, Malcolm McDonald, also decided that it is time to move on. Malcolm's impact has been immeasurable since he joined the board in 2003. His wisdom, experience and knowledge will be sorely missed. As chairman of the Audit and Risk Management Committee for many years, he was at the heart of many decisions. He had the ability to balance a sound and strong governance approach with a healthy risk appetite. This had a very positive effect on Astral over the years. As a man young at heart, Malcolm will not be idle in the next phase of his life. We wish him all of the very best.

The board unanimously decided to appoint Diederik Fouche, a former partner at PricewaterhouseCoopers, as a non-

EL NIÑO AND RAINFALL

El Niño conditions in the tropical Pacific are known to shift rainfall patterns in many different parts of the world. Although they vary somewhat from one El Niño to the next, the strongest shifts remain fairly consistent in the regions and seasons shown on the map below.



For more information on El Niño and La Niño go to: http://iri.columbia.edu/enso/

Sources
1. *Ropelewski, C.F. and M.S Halpert 1987:Global and regional scale precipitation patterns associated with the El Niño Southern Oscillation Mon Wea Rev. 115, 1606–1626.*
2. *Mason and Goddard, 2001. Probabilistic precipitation anomalies with ENSO. Bull. Am Meteorol. Soc 82, 619–638.*

executive director from 12 November 2015. He will bring a wealth of corporate knowledge and insight to the board.

The board conducted its annual strategic review on 10 April 2015. This session evaluated Astral's strategic direction and activities. It once again confirmed the present strategy to be the best cost integrated producer in selected African countries.

The future is not what it used to be

Even as we celebrate Astral's performance during the last financial year, we are conscious of the fact that the year ahead will have its own challenges.

Although international maize production has been better than normal, the continuing drought of the past year and the effects of the El Niño will probably be extremely negative for the South African maize crop in the coming year. There is even a strong possibility that South Africa will be required to import maize. This will be accompanied by much higher local maize prices and the weak Rand also makes imports expensive. Food producers, including Astral, will therefore be under pressure with regard to the cost of raw materials.

Continued depressed consumer confidence and rising unemployment will ensure that the pricing environment will be tight. This will be further exacerbated by ongoing imports and dumping from European countries and the annual quota of 65 000 tons of US poultry, free of anti-dumping duties.

To this should be added a very difficult regulatory environment, rising administrative costs, uncertainty around electricity supply and increasing concerns about other services such as sufficient and clean water.

Astral's challenge in this difficult and uncertain environment is to keep doing what it does best – remain the best cost-producer of poultry in Southern Africa. This requires amongst others to maintain high levels of efficiency, excellent management and a culture of innovation, accompanied by a "can do" attitude.

In closing…

I want to thank Astral's shareholders for their unwavering support during the difficult times of the past. We hope that the dividend declared at the end of this excellent year will be seen as a token of our appreciation for that support.

Astral's management team, excellently lead by Chris Schutte, and indeed all the staff, can rightly feel proud of the company's achievements during the past year. Enjoy the fruits of your labour, but remember that for the new financial year we start "from scratch".

I also want to thank my fellow board members for their dedication during the past year. Your constructive and thoughtful engagement with issues and each other was inspiring. You make it easy to chair board meetings. I am confident that as a team we will be able to face and overcome the challenges which the future holds.

Theuns Eloff
Chairman

Pretoria
11 November 2015

CHIEF EXECUTIVE OFFICER'S REPORT

Chris Schutte

HIGHLIGHTS

- Record profits reported.
- Recovery of operating profit margin to normalised level.
- Achieving exceptional returns on major capital projects commissioned in 2014.
- Positive cash flow with a further improvement in the gearing ratio.

Introduction

Astral's 15th integrated report provides an overview of the results for the year under review, illustrating the group's financial and operational performance and achievements, as well as an overview of strategic focus areas and projects.

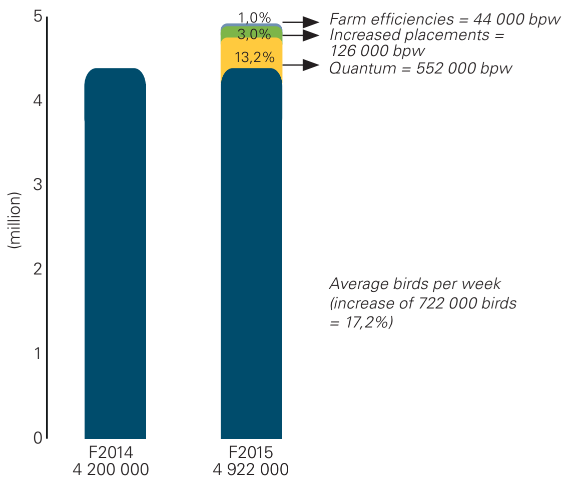
The period under review reflects a record performance over the comparable period, with most of the major "stars" aligned for Astral. An expansion in poultry and feed volumes, assisted by lower feed costs and an increase in poultry sales realisations, positively contributed to a record profit level.

The broiler volumes contracted from Quantum Foods added significantly to the total volumes now processed through Astral's broiler operation in the Western Cape. County Fair added a further 550 000 birds per week to its processing operation following expansion capital expenditure of R81 million invested into their facilities during 2014.

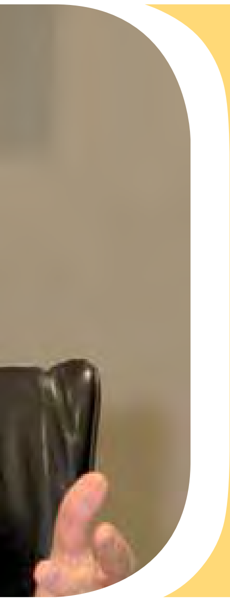
Further volumes were added to the bird numbers through an improvement in broiler production results and lower mortalities, as well as the bird volumes added through no cutbacks in the period under review compared to production cutbacks in the prior reporting period.

The group processed an average of just under 5 million birds per week during the reporting period.

ASTRAL BROILER PRODUCTION VOLUME GROWTH



Source: Own data.



ACHIEVEMENTS

- Bedding down of major capital investment projects and acquired assets.
- The successful integration of the broiler volumes contracted from Quantum Foods.
- Further improvement in the broiler farming results.
- The majority of employees at all levels in the company benefited from an incentive bonus.

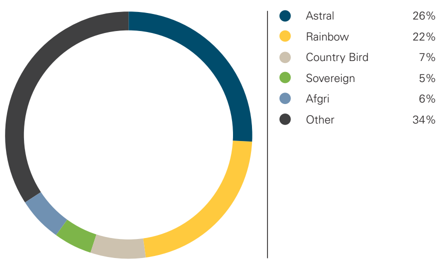
FOCUS

- To remain a best cost-producer of poultry meat.
- To improve on the broiler production results while extracting all possible cost efficiencies.
- To focus on key projects in the coming year that will leverage efficiency and cost benefits.
- Board of directors entrenched Astral's strategy as an integrated poultry producer.

RSA broiler production market share

LOCAL BROILER PRODUCTION = 19,3 MILLION BIRDS PER WEEK (TO JULY 2015 AVG SIX MONTHS)

Percentage



Source: Astral estimates.

The new Standerton feed mill enjoyed its first full year of feed production, averaging approximately 24 000 tons of feed per month utilising 60% of the available capacity. These volumes were made up of the 15 208 tons that were previously produced by AFGRI in Kinross, as well as feed volumes moved from Astral's other feed mills within Meadow to capitalise on the efficient cost structure in the new manufacturing facility in Standerton.

During the year Astral focused on entrenching various key capital projects and investments that contributed to both volume growth and an improvement in efficiencies. The profitability for the year is testimony to the benefits derived from these projects and management's attention to delivering exceptional returns from these investments.

The local poultry industry enjoyed a respite from tough market conditions over the preceding three years. Following industry contraction with some smaller producers exiting the industry, as well as consolidation of distressed assets during that time, the supply and demand for poultry was well balanced for a large part of the reporting period. Post festive season demand in the early part of this year was unseasonably high and supported a strong set of results for the first three quarters.

Healthy global maize and soya crops for the period under review resulting in the softening of grain prices, together with Astral's forward procurement of raw materials benefited feed prices and livestock production costs through most of the period. The average price of poultry feed decreased by 2,5% over the comparable period, with further lowering of the feed price in the period eroded by a depreciation of the Rand against the US Dollar which negated most of the benefit of lower priced Chicago Board of Trade (CBOT) maize import opportunities to the coastal regions of South Africa.

Raw material price increases in the last quarter of the period under review have resulted from the lowest local maize crop since 2007 at 9,8 million tons in the 2015/16 marketing year, coupled to a strong El Niño weather pattern which now threatens the planting conditions and crop yields for the 2016/17 local maize crop.

Municipal infrastructure weaknesses, particularly with water supply, and national load shedding continued to play havoc at a number of Astral's manufacturing and processing facilities. The impact of load shedding, especially unplanned stoppages, had a direct cost impact on the group of approximately R15 million for the period under review.

Although a noticeable drop in import levels was seen in December 2014, this was mostly related to outbreaks of Avian Influenza in the EU. While the introduction of anti-dumping duties against certain European Union countries were formalised in February 2015, high levels of poultry imports into South Africa continued unabated. A record level of total poultry products were imported into the country in July 2015, with these volumes equating to the equivalent of approximately 8,6 million birds per week.

The projected slowing level of growth in the economy, higher unemployment levels and rising inflation continued to depress consumer spending. Against a background of high industry stock levels during the last quarter of the period under review, poultry selling prices came under pressure and with increasing feed prices, the difficulty in recovery of input costs has once again risen to the fore.

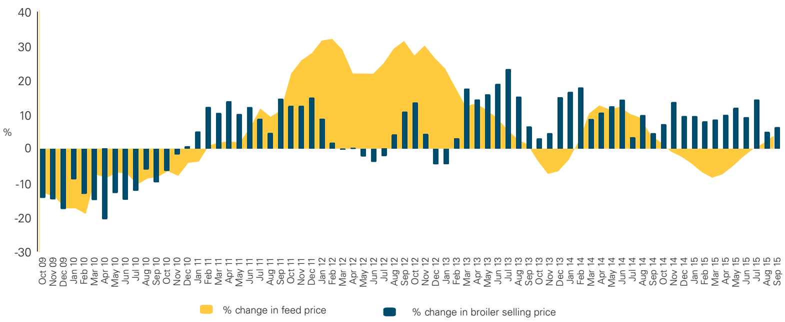
Local food inflation continued its upward trend over the past year, with local chicken prices enjoying a recovery to peak in May 2015 off the extreme lows of the past three years. Poultry selling prices tracked food price inflation, and encouragingly average industry poultry selling prices increased by over 9% for the period under review. This together with the benefit in lower feed prices supported a very pleasing result for the group this year.

The results posted by the other African operations, most noticeably the feed mills, were disappointing, barring a good performance from National Chicks in Swaziland. Currency depreciation in both Zambia and Mozambique significantly impacted raw material costs and feed prices in both countries. The broiler breeder and day-old chick operation in Zambia did however post an improved performance for the period under review on the back of an increase of 6% in sales volumes.

Salient points

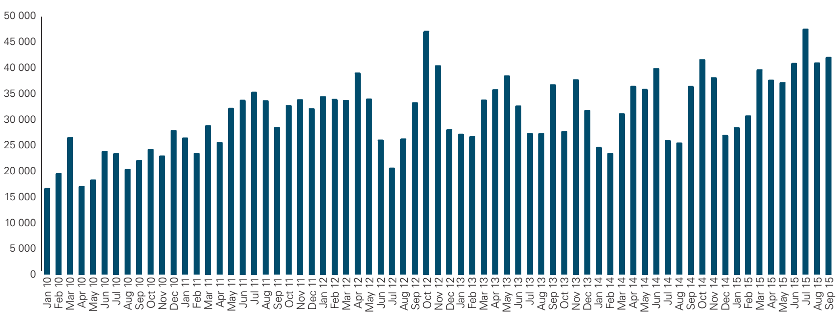
- Increase in poultry volumes to close on five million birds per week following the take on of the Quantum broiler volumes at County Fair in the Western Cape.

CHANGE IN BROILER SELLING PRICE VS CHANGE IN FEED PRICE



Source: SAPA and own data.

TOTAL IMPORTS IN TONS PER MONTH



Source: South African Poultry Association (SAPA).

- Full year of feed production from the new Standerton feed mill adding approximately 180 000 tons of feed for the period under review.
- Lower feed prices contributed to a reduction in the live bird cost, however, feed prices have increased steadily from July 2015 onwards as raw material costs increase.
- Timeous commitment to a maize import programme has contributed to a benefit in feed prices at the coastal operations.
- Good poultry selling prices coupled with strong demand and lower stock levels up to June 2015.
- Continued improvement in farm results with a significant improvement in mortality leading to a better feed conversion rate and performance efficiency factor.
- Continued high poultry imports with average imports for the period under review equalling approximately 34% of local production.
- The Rand depreciated significantly against the US Dollar during the period under review, negating any benefits of lower CBOT corn prices.
- No industrial action was experienced during the period under review, with the majority of the annual wage negotiations being settled amicably.
- The sharp depreciation of the currency in Zambia severely impacted the performance of Astral's feed milling operation in that country, with significant increases in raw material costs and foreign exchange losses booked against USD-denominated creditors.
- The group registered a new company in Ethiopia, Astral Foods East Africa SC, in anticipation of developing a Greenfields integrated poultry business in that country in the near future.
- On the back of the improved results the majority of employees at all levels in the company will benefit from an incentive bonus.
- A stable and well experienced senior management team continued to serve the group well, and during a period of recuperation following a heart attack in June 2015, supported the CEO and the company through this time.

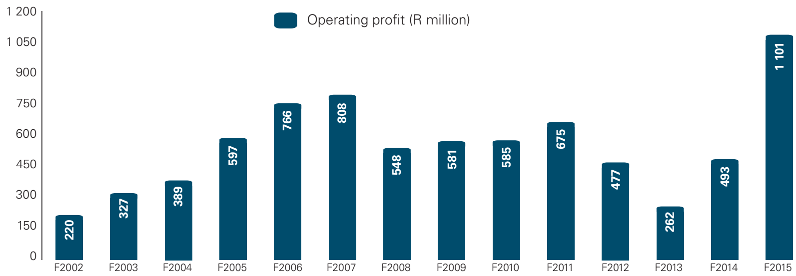
Financial overview of operations

F2015 revenue for the group increased by 17,3% to R11,3 billion (2014: R9,6 billion) on the back of an increase of 12,8% in poultry volumes, a 11,9% increase in poultry selling prices and a 12,4% increase in feed volumes.

Operating profit showed a significant increase of 123,3% to a record R1 101 million (2014: R493 million) and the operating margin at 9,8% reflects this increase (2014: 5,1%). The improvement in profitability was driven by improved selling prices and product mix, as well as the higher volumes due to the additional broilers contracted from Quantum and the increase in feed volumes manufactured in the new Standerton feed mill previously supplied by AFGRI. Increased broiler placements compared to cutbacks in bird numbers reared in the prior reporting period and good broiler production performances with an improvement in mortality and feed conversion rate also contributed to the improved performance.

Following the increase in operating profit of 158,4% in the interim results posted in March 2015, the second half operating profit increased by 96,6% relative to the comparable 2014 period. The second half of the year was impacted by higher feed prices, increased poultry stock levels in the industry coupled with high levels of poultry imports and lower poultry selling prices from June 2014.

OPERATING PROFIT



Source: Own data.

Poultry division

Revenue increased by 25,5% to R8,7 billion (2014: R7,0 billion) on the back of higher volumes (up 12,8%) and higher poultry selling prices (up 11,9%). Profitability improved significantly to R661 million (2014: R104 million), resulting in a normalised net margin for the division of 7,6% for the period under review (2014: 1,5%).

Broiler production performances improved for the period in line with continued focus in this area, with lower broiler mortalities and improved feed conversion rates. An improvement in product mix was realised with Individually Quick Frozen (IQF) portions decreasing by 2%, and an increase in fresh of 2% largely driven by the additional volumes now sold at County Fair in the Western Cape following the take on of the Quantum broiler volumes.

Feed division

Revenue increased by 13,3% to R6,2 billion (2014: R5,5 billion) as a direct result of the higher feed sales and a marginal increase in the average selling price for feed. Sales volumes increased by 12,4% assisted by higher inter-group volumes as a result of higher bird placements compared to the prior year and the take on of the AFGRI volumes in the new Standerton feed mill.

The Standerton feed mill produced on average 24 000 tons of poultry feed per month for the period under review (capacity utilisation of 60%), and together with operational efficiencies derived from the new plant contributed positively to the feed division.

R1,1b
RECORD PROFIT IN ASTRAL'S HISTORY

2,4%
DEBT: EQUITY

40,7m
LIVE BIRDS ON FARM

5,0m
BROILER SLAUGHTERED PER WEEK

1,5m
TONS OF ANIMAL FEED PRODUCED AT SEVEN MILLS

The operating profit improved to R423 million (2014: R354 million) with an operating profit margin at 6,8% (2014: 6,4%). Rand per ton margins improved year-on-year, supported by the successful recovery of inflationary costs, margin improvement through cost benefits attributable to the Standerton feed mill and efficiency improvements at the older mills.

Other Africa

Revenue for the division decreased marginally by 1,2% to R494 million (2014: R499 million) impacted by lower feed and day-old chick volumes sold in Mozambique over the comparable period.

Operating profit decreased to R17 million (2014: R35 million). For the period under review the profitability at both the Zambian and Mozambican feed operations was severely impacted by currency exchange movements increasing raw material input costs, and exposing the Zambian feed business to foreign exchange rate losses on USD-based creditor payments.

Operational performance

Poultry division

Astral's poultry division comprises three separate activities:

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

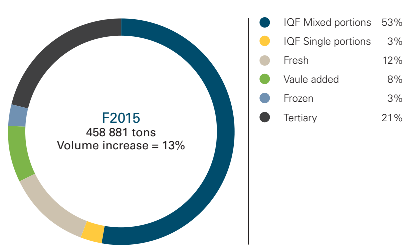
Broiler operations

The four integrated broiler operations are strategically located in the major growth areas of Gauteng, Mpumalanga, the Western Cape and KwaZulu-Natal. The broiler operations slaughtered approximately 4,9 million birds per week for F2015 versus 4,2 million birds per week in the prior year, and this is made up as follows:

The weekly F2015 bird slaughter numbers show a marked increase in birds produced. In the prior year a conscious decision was taken to cut back on production levels to curb losses associated with the under-recovery of input costs in the selling price of chicken.

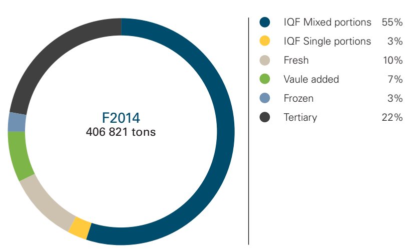
IQF as a proportion of the sales volumes decreased in the product mix by 2% for the period under review with increased sales volumes in both the value added and fresh product categories. The increase in fresh sales as a proportion of the total mix was largely driven by the take on of the Quantum Foods broiler volumes in the Western Cape, where additional fresh volumes were added to total sales. Astral's total product basket and sales mix is dictated by consumer demand and consumption trends.

F2015 PRODUCT MIX



Source: Own data.

F2014 PRODUCT MIX



Source: Own data.

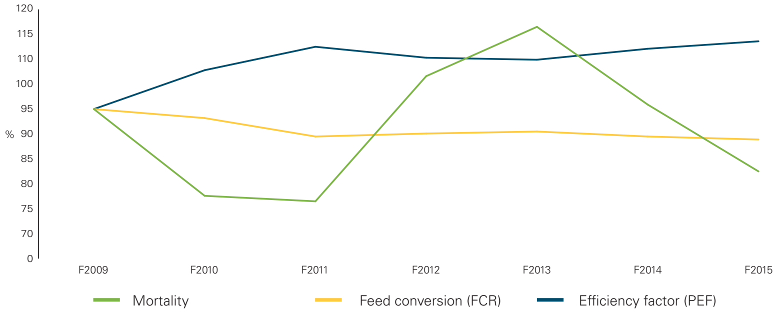
Birds per week	F2015	F2014
Festive (Olifantsfontein)	**1 289 000**	1 212 000
Goldi (Standerton)	**1 845 000**	1 735 000
Country Fair (Agter-Paarl)	**1 610 000**	1 088 000
Mountain Valley (Camperdown)	**178 000**	165 000
Total	**4 922 000**	4 200 000

The poultry division achieved good on-farm results for the period under review which assisted the turnaround in the performance of this division.

Bird health challenges experienced by the poultry industry, and metabolic problems expressed as broiler ascites associated with high bird growth rates resulted in high bird mortalities for Astral in F2013. Mortality is precipitated by the fast growth rate of the broiler and is a function of the interaction between genetics, altitude, environment, feed quality and animal husbandry.

Continued focus on bird management and improving farm results has seen a reduction in mortality and improvement in feed conversion efficiency for the period under review. In line with a reduction in mortality rate, especially amongst older birds, the feed conversion rate improved as more live weight was achieved off the farms, driving an improvement in the overall performance efficiency factor (PEF).

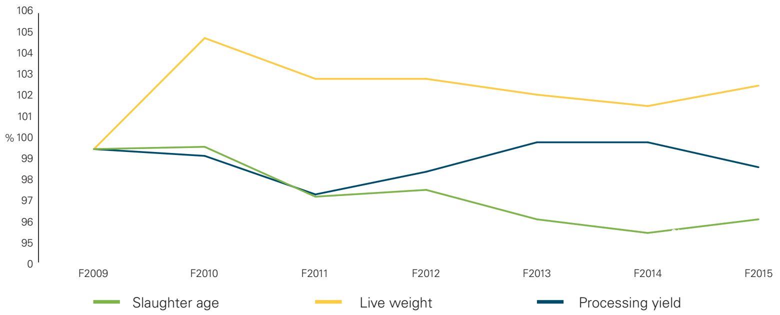
POULTRY DIVISION COMBINED BROILER KEY INDICATORS: SEPTEMBER 2015



Source: Own data

The feeding cost to rear a broiler to slaughter age made up 66% of the total live bird cost for the period under review, while the feed cost per kilogram of live weight produced improved over the prior year, with better broiler performances in the period.

POULTRY DIVISION COMBINED BROILER KEY INDICATORS: SEPTEMBER 2015



Source: Own data

The average slaughter age of the broilers increased year-on-year, and was largely driven by the power outages as a result of load shedding experienced during the period. This resulted in downtime at the processing plants which culminated in slightly older birds on farm. However, the older age was positively reflected in higher body weights. The processing yield decreased year-on-year and is directly linked to the increase in fresh volumes in the year which carry a lower final yield than IQF chicken.

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. Ross Poultry Breeders posted a significant improvement in results due mainly to an increase in the sales of parent stock volumes into the external market and a marked improvement in key biological efficiencies.

Day-old chicks and hatching eggs

National Chicks, the group's commercial hatching egg and day-old chick producer operating in South Africa and Swaziland, experienced higher chick sales as a result of higher inter-group placements in the period under review versus broiler production cutbacks in the prior year. Egg sales were good as a result of an increase in the export of hatching eggs to other African countries. National Chicks posted a record performance for the year assisted by the growth in intergroup day-old chick volumes and better farming efficiencies and hatchability.

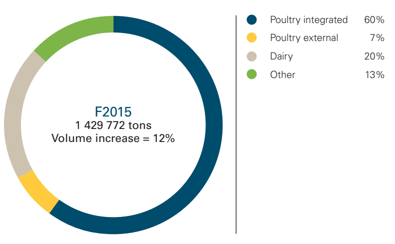
Feed division

Meadow Feeds supplied 60% of its total volume to the group's downstream poultry operations in F2015, an increase from 53% in the prior year as the full year's volumes from AFGRI were absorbed into the Standerton Mill. Total volumes increased year-on-year to 1,43 million tons per annum (2014: 1,27 million tons), an increase of 12,0% driven by an increase in feed sales to Astral's poultry operations of 23,7%, offset by a drop in sales to the external market of 1,3% following a significant recovery in the second half of the financial year with improved layer, dairy, beef sales off-setting a reduction in swine volumes.

The new feed mill in Standerton manufactured an average of 24 000 ton of poultry feed per month including the 15 208 tons transferred from AFGRI and additional volumes from existing operations at Randfontein and Delmas, which could be supplied more efficiently. With the addition of the full capacity of the new mill, Meadow's production capacity increased to approximately 1,9 million tons with a utilisation rate of 73%.

MEADOW SALES F2015

Percentage



Source: Own data

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 F2015 after offering some respite in the first half. Dry conditions during the critical pollination and maturation stage in the Western Free State and North West again decimated the national crop resulting in an estimated crop of 9 942 million tons which is 30% down on the prior year. Imports of approximately 800 000 tons into the coastal regions are required to maintain sufficient stock in the 2015/16 marketing year, exposing the local market to import parity prices and the negative impact of the weakening Rand. South African maize is currently expensive relative to US and Global Corn, increasing the cost gradient and impairing local competitiveness against imports.

This projected low stock level is exacerbating the price volatility of new season maize which is in the process of being planted and is being adversely affected by dry conditions attributed to a strong El Niño episode.

The US planted fewer acres to corn during 2015 and the yield was initially negatively affected by excessive rain during pollination, but yield estimates have increased progressively as the harvest nears completion. The current USDA official crop estimate stands at 345,0 million tons, a reduction of 16,0 million tons or 4,4% compared to the previous year. World stock levels reduced by 23,0 million tons compared to 2014 while consumption remained constant. The increase in price of 21% over the period under review clearly illustrates the market's sensitivity to reductions in the availability of agricultural commodities.

In contrast soya bean meal prices were lower for the year with healthy global stocks benefiting the import parity price, resulting in lower poultry feed prices.

The wide disparity between the movement in the poultry selling price and the feed price both expressed as indices, has narrowed considerably over the past year when compared to the prior three years, with the movement in both indicators being well aligned to June 2015.

Other Africa

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

Zambia

Feed sales from Tiger Animal Feeds increased by 0,5% for the period under review and growth in volumes was hampered by significant increases in the selling price of feed as the Zambian Kwacha devalued significantly against the US Dollar during the period under review. The financial performance of this business was severely impacted by the currency exchange movements increasing raw material input costs, and exposing the Zambian feed business to foreign exchange rate losses on USD-based creditor payments.

Day-old chick sales from the hatchery and broiler breeder operation known as Tiger Chicks increased by 6% for the year.

Mozambique

Meadow Mozambique feed sales decreased for the period under review and were impacted by the weak local currency eroding the buying power of customers.

BROILER SELLING PRICE INDEX VS BROILER FEED PRICE INDEX

Source: SAPA and Own Data

Day-old chick sales increased by 30% with record sales achieved over the festive period from the Mozpintos hatchery situated outside Maputo. Unfortunately poultry diseases impacted on the performance of the broiler breeders during the period under review, which resulted in a significant cost impact on this business.

Swaziland
The Swaziland hatchery and broiler breeder joint venture with a recognised local broiler producer posted a consistently good performance.

Key investments

Capital expenditure for the period under review of R270 million was down on the prior year's R395 million and represents expenditure on normal ongoing replacement and improvement items.

The year focused on bedding down major capital expenditure projects and acquisitions commissioned during 2014, which included among others:

- The new Standerton feed mill in Mpumulanga.
- Expansion to the County Fair fresh processing plant in the Western Cape.
- The Argyle day-old chick hatchery and broiler farms located in KwaZulu-Natal.
- The conversion from LPG to coal fired boilers on broiler farms at County Fair.
- The deployment of the Darling Fresh Chicken abattoir assets within the Group.

Key challenges going forward

Industry
Trade relations between the EU and South Africa are governed by the TDCA (Trade, Development and Cooperation Agreement) which is a bilateral free trade agreement (FTA) between the whole of the EU and South Africa. In terms of the TDCA there were no duties on poultry imports from the EU with effect from 1 January 2012. This duty-free status (a so-called fair trade measure) does not prevent unfair trade actions by the EU. Through SAPA, an anti-dumping application was submitted to ITAC against three EU member countries. ITAC implemented anti-dumping duties against poultry imports from the UK, the Netherlands and Germany in February of this year. Notwithstanding the permanent EU anti-dumping duties imposed on Germany, Netherlands and the United Kingdom, poultry imports remained high during the period, with a record level of total poultry product imports equating to approximately 8,6 million birds per week for the month of July 2015. Imports from the EU have switched to other countries in that region, and notwithstanding the weak South African currency, the high level of imports and growing levels of imported bone-in portions is clear proof that classic dumping is still taking place.

In terms of the TDCA there is a general relief mechanism known as a safeguard (Article 16 of the TDCA) which deals with "serious disturbances" in the market. In addition to the anti-dumping application that SAPA made for anti-dumping duties against three EU countries, an application was submitted in line with the "general relief mechanism" contained in the TDCA which will cover imports from all 28 EU countries, not just the three listed in the anti-dumping measures. The original application was returned during the year with a range of questions which have all been answered by SAPA and the application resubmitted. Receipt of the application has been acknowledged and is currently under review. The security of the local poultry industry and retention of jobs rests firmly on the ability of the industry to remain competitive and cost efficient, with effective trade barriers that prevent illegal imports and the injudicious dumping of poultry in South Africa.

Proposed new brining legislation advocated by the Department of Agriculture, Forestry and Fisheries (DAFF), where the total brine injection allowed for individual portions will be limited to a maximum of 15%, has been suggested (versus the current uncapped and unregulated industry brining practices). While Astral supports the requirement for better regulatory control and compliance, reducing the brining of frozen chicken portions to 15% will have a detrimental impact on yields (current brine levels at approximately 30%) and will definitely lead to extensive poultry selling price increases. At the date of writing no amendments to the Poultry Meat Regulations have been published in the Government Gazette. SAPA has been engaged with various discussions with DAFF around the proposed brining levels, but a DAFF press statement "mistakenly" released on 1 October 2015 stating the above proposal leaves little doubt as to DAFF's intentions.

It is expected that further consolidation in the industry will be witnessed in the coming year as high feed prices as a result of the current drought, and expected pressure from the retailers to keep consumer prices low, threatens the recovery of input costs.

Load shedding
The impact of load shedding, and in particular unplanned stoppages, had a significant impact on the group in F2015. The total cost of load shedding amounted to R15 million for the year.

Poultry selling prices
A key challenge for Astral is to continuously achieve a poultry selling price that allows for the satisfactory recovery of input costs to ensure future investment in the business to position Astral for growth, the payment of dividends to shareholders and to contribute to the fiscal budget through company taxes. This was critical for County Fair in the Western Cape, where the risk of marketing and selling poultry products from birds now contracted from Quantum, rests firmly with Astral.

Business acumen in foreign territories
Challenges with regard to the adherence to administrative controls in Zambia during F2014 highlighted the importance of recruiting and

retaining appropriately skilled and conscientious staff, particularly in the area of finance, in countries outside of our borders. No matter where Astral has an operational presence the group's policies and procedures, must be strictly adhered to at all times and no lapses in internal control can be accepted. New managerial appointments to the African operations in general as well as financial management positions will contribute to stabilising the platforms within these businesses. A programme to attract, recruit and train skilled individuals will focus on this important aspect of our business, particularly as Astral strives to grow on the continent.

Municipal infrastructure

Once again, ailing municipal infrastructure had a significant impact on the business, particularly cuts in municipal water supply in Standerton which significantly impacted the Goldi broiler processing operation. Astral continues to work with municipalities to address these challenges and implement measures to curb their impact on the business.

Principal risks

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

Key risks identified include the following:

- Raw material price volatility.
- Prolonged imbalance in supply and demand of poultry.
- Energy and water security and pricing.
- Avian diseases and lapses in biosecurity measures.
- Pre-mix microingredient deficiency and/or contamination with an undesirable substance.
- Non-conformance to final feed specifications.
- Genetic performance.

In the management and mitigation of these risks, Astral has set out particular action plans (see page 37), 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

There were no acquisitions or disposal for the period under review, with Astral focusing on entrenching various key projects that resulted from prior acquisitions and capital investments.

New developments

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

Expansion into a fourth African country

A concerted effort is being placed on entering a fourth country outside of South Africa's borders. During the period under review Astral registered a new company in Ethiopia (Astral Foods East Africa S.C.), and received board approval to proceed with a Greenfields investment in a new feed mill and hatchery operation. Astral has also undertaken a comprehensive due diligence on a table egg operation in that country with negotiations to acquire the business at an advanced stage at the time of writing.

Market developments

Astral's strategy to increase participation in the more predictable and consistent demand markets encompasses both a customer and product type perspective. Growth in sales of fresh chicken, further processed value added products and supply of licensed products to the foodservice sector has been achieved.

Astral's share in the foodservice sector has shown good growth despite its relatively small current market share. Astral has experienced continued strong volume growth in Famous Brands and Spur with deboned, fully cooked, further processed and bone-in portion categories. Investment in deboning capacity has enabled new market opportunities which were previously dominated by imports and continues to grow. For the period under review Astral started supplying Kentucky Fried Chicken with chicken wings and breast fillets, after successfully completing two YUM! audits at the Festive plant in Olifantsfontein during the year.

Skills development

Astral embarked on an employee skills development programme during 2011, with elected individuals participating in management development courses hosted by the North West University. Each employee embarking on this "CEO Pinnacle Programme" is studying towards a specific certificate qualification. The programme includes three tiers of management development courses. A number of students, with a representation of 48% of the designated groups, have completed their studies with a pass rate of above 90%. Fifteen of these participants have in the interim been promoted into executive positions within the group. By the end of 2015 a further 29 students will complete their studies.

Transformation update

Astral received an updated B-BBEE score (BBB or Level 5 rating) during the period under review with the group score remaining flat at 60,84 points towards the employment equity targets as stipulated in the AgriBEE Charter. The group reports positive progress in this area and its focus will remain on improving the company in those areas identified (especially skills development) as lacking against targets set on the scorecard. Astral is an equal opportunity employer, committed to the principles and objectives of the Employment Equity Act.

Alliances

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

International alliances include:

- Aviagen, a global leader in poultry genetics.
- Provimi, an international specialist in animal nutrition.

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

Astral will continue in its search for alignment with companies sharing a passion for the group's "best cost" strategy.

Strategic service providers include:

- CJA Strategic Risk Brokers, which provides the group with statistical models that support decision making in the forward procurement of key raw materials for use in feed production.
- Enterprise Outsourcing, providing IT network infrastructure.
- Barloworld Transport providing an outsourced transport solution for feed to Meadow and live bird transport to the Poultry division.
- Imperial Cold Logistics, provide an outsourced chilled and frozen chicken storage and distribution service to the Poultry division.

Outlook

The slowing level of growth in the economy, higher unemployment levels and higher inflation rates will continue to hamper an increase in the per capita consumption of poultry.

The annual quota for 65 000 tons of US poultry, free of anti-dumping duties negotiated around the renewal of the African Growth and Opportunity Act (AGOA), will likely negatively impact local producers as record levels of poultry imports continue unabated. The impact on local poultry producers will be further exacerbated by the strong El Niño effect and its impact on planting conditions, which will negatively impact crop yields leading to higher feed prices in the new reporting period.

There is a strong likelihood that brining regulations will be introduced in the foreseeable future, which could result in lower volumes and higher selling prices for the consumer. These regulations, if promulgated at the proposed levels by DAFF, as well as the technical format of the regulations, will be challenged by the industry.

Further consolidation in the industry could follow as a result of the above as the resilience of the poultry industry will be tested to the limit. Astral's best cost integrated strategy has strengthened over the past year on the back of selective investments which have contributed to higher poultry volumes, improved efficiencies and feeding costs into the future.

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 especially during my period of recuperation following a heart attack suffered in June 2015. The executive management team in Astral performed admirably during this period, with the stability of the company during my absence unquestionable.

I also wish to express my sincere appreciation to all members of the Astral Foods board for their unfailing commitment, words of advice and positive contribution during the year.

Chris Schutte
Chief executive officer

11 November 2015

CHIEF FINANCIAL OFFICER'S REPORT

Daan Ferreira

HIGHLIGHTS

- Continuing improvement in profit for the year – 135% increase.
- Normalised operating profit margins at 9,8%.
- Return on net assets at 33%.

Financial results

	2015 Rm	2014 Rm	% change
Revenue	**11 266**	9 602	+17
Operating profit	**1 100**	493	+123
Operating profit margins	**9,8%**	5,1%	
Net finance costs	**10**	25	
Share of profit from associates	**3**	2	
Profit before tax	**1 094**	470	+133
Tax expense	**314**	129	
Profit for the year	**780**	341	+129
Headline earnings	**780**	330	+136

External revenue increased by 17%, the main contribution coming from the Poultry segment with an increase of 25% on the back of increased volumes (up 13%) and an upward correction in prices (up 12%). The Feed segment's contribution to external revenue decreased by 3% following lower raw material costs during the year which have an impact on the selling prices of feed. The Other Africa operations' contribution remained at the same level as for the previous year.

Operating profit at R1 100 million represents an increase of 123% on the previous year.

The improvement in the group's operating profit can mainly be ascribed to the following:

- A correction in selling prices for poultry products whereby the increases are more aligned with general food inflation, after being below food inflation for the previous three to four reporting periods.
- Increased poultry volumes following a strong market during the first nine months of the financial year. This supported the price correction and also allowed for less planned production cutbacks compared to the previous year, which resulted in further increased volumes.
- The take on of the processing of 550 000 additional birds per week produced by Quantum Foods (Tydstroom) in the Western Cape.
- The inclusion of the contribution by the new feed mill in Standerton for a full year. This replaced feed volumes previously bought from AFGRI in terms of a contractual arrangement which expired during 2014.
- Feed cost for poultry broiler production decreased by 2,5% following lower maize prices during the financial year resulting, together with the higher selling prices,

ACHIEVEMENTS

- Immediate profit contribution from the new Standerton feed mill.
- Benefits from processing additional 550 000 birds at County Fair.
- Accelerated repayment of long-term loan funding.

FOCUS

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

in an improvement in the Poultry division's profit margin from 1,5% to 7,6%.

The contribution from the Other Africa business units at R17 million is relatively small. These operations were negatively impacted by a material weakening of their functional currencies in which they conduct their business activities.

The operating profit margin for the group at 9,8% is a material improvement on the previous year's 5,1%.

Net finance cost of R10 million was well down on the previous year's R25 million. Cash flow for the year was positive and the net cash and cash equivalent balances were positive during the last eight months of the financial year.

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

Net profit for the year at R780 million increased by 129% on the prior year, whilst headline earnings of R780 million, which excludes profits and losses on sale and scrapping of assets and investments, reflects a 136% increase on the previous year.

Statement of financial position

	2015 Rm	2014 Rm	% change
Non-current assets	**2 233**	2 241	
Current assets (excluding cash)	**2 261**	2 003	+13
Total assets	**4 495**	4 245	+6
Non-current liabilities (excluding borrowing)	**(582)**	(575)	+1
Current liabilities (excluding borrowings)	**(1 485)**	(1 551)	–4
Net assets	**2 428**	2 119	+15
Financed by:			
Equity	**2 371**	1 945	+22
Net borrowings	**57**	174	–67
	2428	2 119	+15

Non-current assets consist mainly of property, plant and equipment. No abnormal capital expenditure was incurred during the year.

Current assets (excluding cash) consist of inventories, biological assets and trade and other receivables. Poultry stock levels increased towards the end of the financial year to abnormal levels which can be ascribed to weak consumer demand and a general surplus of poultry stock in the country. Feed raw material stock was also at high levels due to import of maize at the coastal mills.

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

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

Current liabilities decreased by 4%. The payment terms of certain raw material creditors were brought forward by one day in order to reflect the payment in the current financial year. This better aligns the timing of the cash outflow with the cash inflow from debtor receipts, which are also received before or on the last day of the financial year.

Net borrowings of R57 million consisted of the remaining balance of the loan funding for the newly built feed mill in Standerton (R80 million), funding for the hatchery and breeding farm in Zambia (R3 million) and cash and cash equivalents which were in a net surplus of R26 million.

A positive **cash flow** during the year allowed for an accelerated payment of R71 million of the loan funding for the Standerton Mill. All capital expenditure, working capital movements, tax and dividend payments were funded from cash inflows during the year, resulting in a net positive inflow of R7 million.

Ratios

The net debt to equity ratio of 2,4% was lower than the previous year's 8,9%.

The return on net assets at 40,7% was an improvement over the previous year's 20%.

The return on equity improved from 18,7% to the current year's 36,3%.

The dividend cover for the year remained at 1,8 times.

Conclusion

The group's reported profit should be seen against the background of normalised profit margins of just below 10%. This was driven by a correction in the selling prices for poultry meat and feed cost which was marginally lower than the previous year, following good maize supplies during the year. Although these price levels are influenced by external factors and are as a result exposed to volatility, the increase in poultry volumes in the Western Cape and the benefits from the new feed mill are regarded as consistent long-term benefits going forward.

Daan Ferreira
Chief financial officer

Pretoria
11 November 2015

RATIOS AND STATISTICS

		2015	2014	2013	2012	2011	2010	2009	2008
Profit information									
Revenue	Rm	**11 266**	9 602	8 509	8 160	7 227	7 006	7 407	6 853
EBITDA	Rm	**1 254**	627	384	600	793	694	685	637
EBITDA margin	%	**11,1**	6,5	4,5	7,4	11,0	9,9	9,3	9,3
Operating profit	Rm	**1 100**	493	262	477	675	585	581	548
Operating profit margin	%	**9,8**	5,1	3,1	5,8	9,3	8,4	7,8	8,0
Profit for year	Rm	**780**	341	211	333	435	364	353	334
Headline earnings for year	Rm	**780**	330	165	300	437	365	338	320
Financial position information									
Total assets	Rm	**4 814**	4 375	3 921	3 544	3 425	3 157	3 174	3 157
Total equity	Rm	**2 372**	1 945	1 695	1 596	1 586	1 446	1 366	1 328
Total liabilities	Rm	**2 442**	2 430	2 227	1 947	1 839	1 711	1 807	1 829
Net assets	Rm	**2 843**	2 566	2 375	2 107	2 012	1 950	1 918	1 791
Profitability and asset management									
Return on total assets	%	**24,1**	11,9	7,0	13,8	20,7	18,6	18,5	18,4
Return on equity	%	**36,3**	18,7	12,7	20,8	28,6	25,8	26,0	25,3
Return on net assets	%	**40,7**	20,0	11,7	23,2	34,1	30,3	31,3	31,3
Net asset turn	times	**4,2**	3,9	3,8	4,0	3,7	3,6	4,8	4,7
Shareholders' ratios									
Earnings per share	cents	**2 013**	884	545	865	1 128	940	906	858
Headline earnings per share	cents	**2 016**	864	434	787	1 148	960	890	840
Dividend per share	cents	**1 150**	440	222	672	810	760	700	700
Dividend cover	times	**1,8**	2,0	2,0	1,2	1,4	1,3	1,3	1,2
Stock exchange statistics									
Market value per share									
– At year-end	cents	**17 414**	15 225	9 500	10 400	11 700	11 150	10 399	9 650
– Highest	cents	**20 679**	16 000	10 900	13 200	13 956	11 939	11 200	15 490
– Lowest	cents	**14 051**	7 950	8 530	10 100	10 811	9 400	7 380	7 300
Closing dividend yield	%	**6,6**	2,9	2,3	6,5	6,9	6,8	6,7	7,3
Closing earnings yield*	%	**11,6**	4,8	4,6	7,6	9,8	8,6	8,6	8,7
Closing price/earnings ratio	times	**8,7**	20,7	21,4	13,2	10,2	11,6	11,7	11,5
Number of shares issued@	'000	**42 761**	42 723	42 149	42 149	42 149	42 136	42 136	42 136
Number of transactions		**179 049**	54 683	45 653	40 209	37 385	20 613	13 439	17 492
Number of shares traded	'000	**36 676**	26 440	21 922	24 820	17 890	18 873	18 411	23 646
Number of shares traded as a percentage of issued shares	%	**86**	62	52	59	42	45	44	56
Value of shares traded	Rm	**6 405**	2 947	2 064	2 912	2 214	2 007	1 715	2 596
Closing market capitalisation	Rm	**7 446**	6 505	4 004	4 383	4 931	4 698	4 382	4 066

@ Refer to note 10 of the financial statements for the number of shares effectively in issue net of treasury shares.
** Based on headline earnings per share.*

DEFINITIONS

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

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

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

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

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

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

Net asset turn
Revenue divided by average net assets.

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

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

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

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

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

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

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

QUICK FACTS

PRODUCTION OF FEED PER ANNUM
1,4m tons

NUMBER OF AFRICAN COUNTRIES OPERATING IN
5

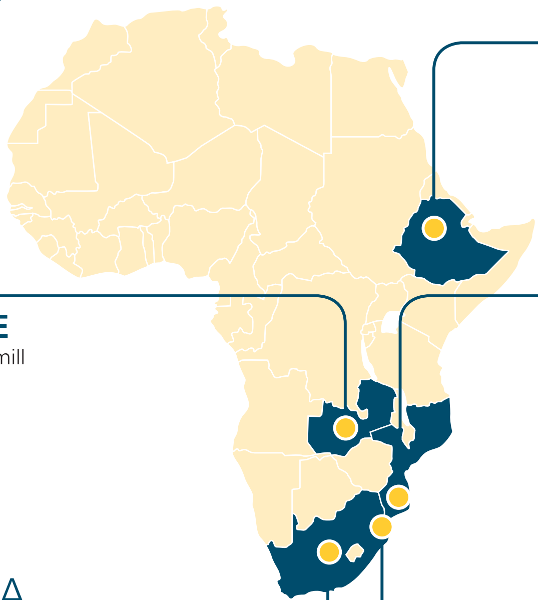
ASTRAL EMPLOYMENT COUNT
13 023

NUMBER OF BROILER PROCESSING PLANTS
4

BROILERS PROCESSING CAPACITY PER WEEK
4 922 000

DAY-OLD CHICKS HATCHED PER WEEK
5 483 000

B-BBEE RATING LEVEL
5



ETHIOPIA

Established Astral Foods East Africa Share Company and currently evaluating a number of opportunities

ZAMBIA

ONE
Breeding and hatchery operation

ONE
Feed mill

MOZAMBIQUE

ONE
Feed mill

ONE
Breeding and hatchery operation

SOUTH AFRICA

SEVEN
Feed mills

FOUR
Integrated broiler operations

ONE
Laboratory

ONE
Day-old chick and hatching egg supplier

ONE
Vitamin and mineral pre-mix operation

ONE
Genetic operation

SWAZILAND

ONE
Breeding and hatchery operation

OUR OPERATING ENVIRONMENT

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

Commodity availability/prices

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

- Maize
- Soya
- Sunflower
- Fish meal
- Vitamins and minerals

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

Imbalance 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 and 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, are influenced by many factors. We benchmark on-shelf pricing levels and the availability of product on a regular basis to ensure that our prices remain competitive. Stockholding levels are closely managed and pricing strategies adjusted accordingly.

Product mix

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

Poultry imports

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

Imports have increased by 17% in volume during our 2015 financial year resulting in immense pressure on the supply and demand status.

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

RISK MANAGEMENT

Astral is committed to the following risk management action plan:

- Identifying the risk which the group is exposed to.
- Identifying the most effective ways of eliminating or mitigating the risk exposure as far as reasonably practical.
- Insuring against catastrophic incidents and other losses beyond our self-insurance capacity.

We apply an enterprise-wide risk management approach, involving all levels of management, with assistance from consultants for assessing insurable risk. 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 monitored by internal audit and appointed risk consultants.

Risk management framework

Board
Overall responsibility of group strategy and managing risk

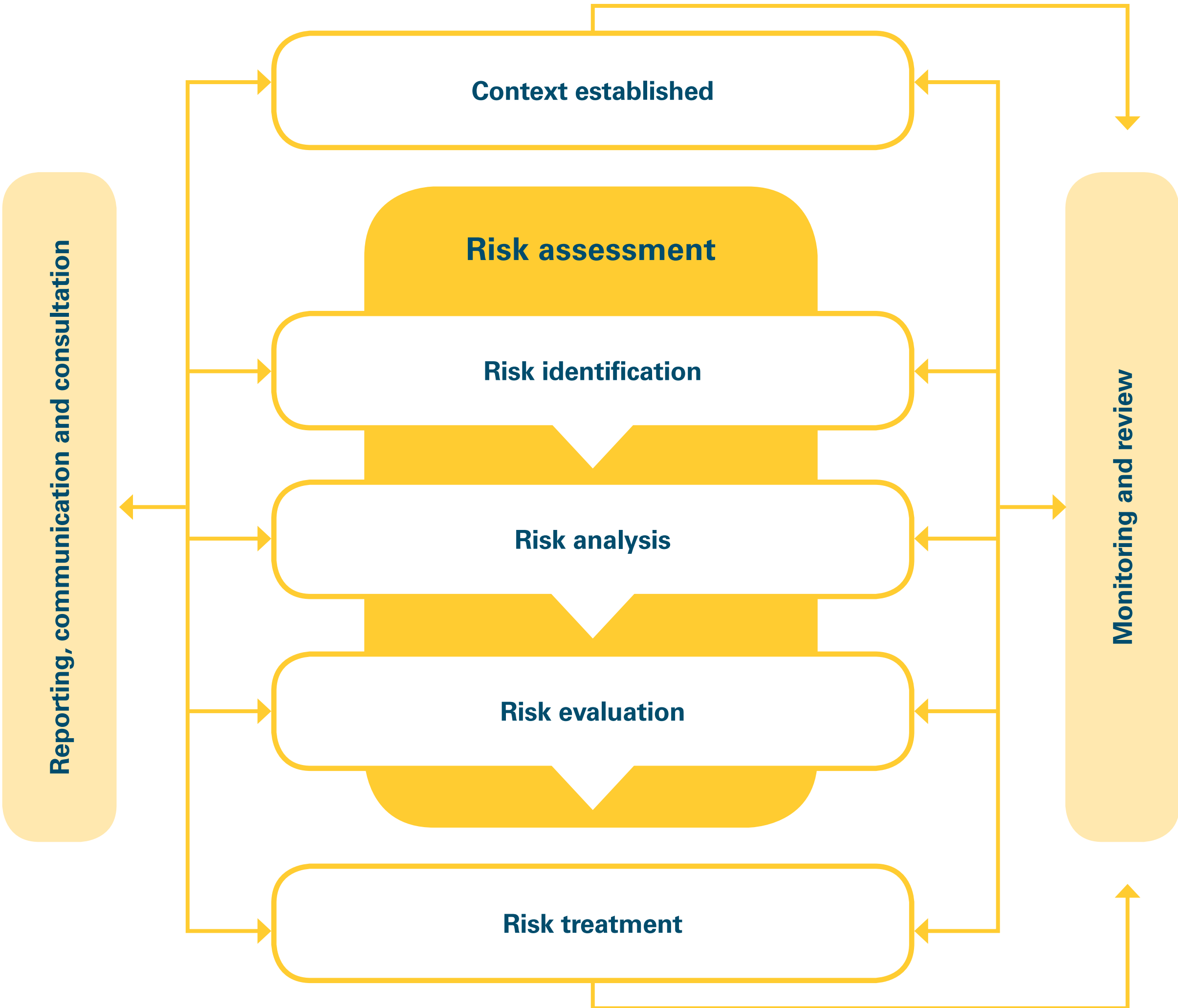
Audit and Risk Management Committee
Oversight of the group's material risks and sustainability strategy

Corporate Risk Management Committee
Developing and enhancing risk management practices and systems to ensure that risk is managed within acceptable tolerance levels

Divisional Sub-Risk Committee
Review and monitor of risk management action plans, policies and procedures

Operational units
Responsible for risk assessment and implementing of risk management policies and procedures

RISK MANAGEMENT PROCESS



Risk recognition, evaluation and management

At the core of all risk management is a systematic, cyclical risk management process, involving a series of steps from the identification of a risk, to the analysis, evaluation and management of the risk, and finally to the monitoring of the measures taken in reaction to the risk.

The management team of each operation within the group analyses the main risks affecting that operation. The executives in the various operations categorise each risk they have identified and evaluate it in terms of criteria as defined in the business risk methodology, including the potential impact of the risk on the group and the expected probability of its occurrence. When analysing the impact of the risk, Astral considers not only the impact on the results of operations, but also the impact on non-monetary aspects such as safety, service, reputation and strategy.

Risks are evaluated in relation to the following parameters:

- Headline risk area/category;
- Impact;
- Probability; and
- Perceived control effectiveness.

An inherent risk rating is calculated as the product of the impact of a risk and the probability of that risk occurring. The ranking for inherent risk assists management and internal audit alike to establish relativity between all the risks/threats identified.

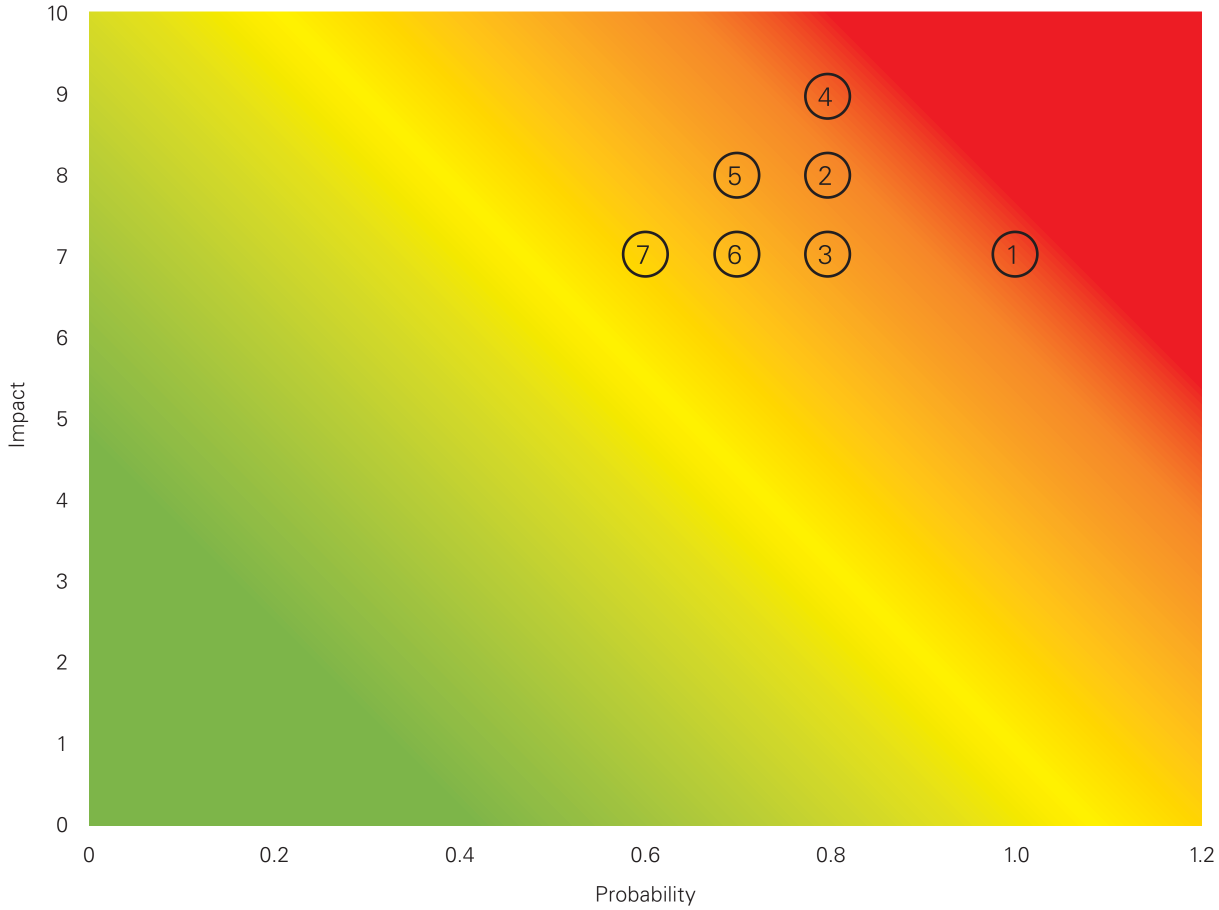
Having identified the controls that are in place to manage the risk in question; it is necessary to assess the effectiveness of these controls. This is a measure of how well management perceives the identified controls to be working in effectively managing the risks.

Risks are then ranked utilising the residual risk status, this is the value of risk that the organisation is exposed to taking into account the inherent risk, reduced by the related controls which exist to manage that risk. Residual risk/exposure is therefore the product of the inherent risk and the control effectiveness factor.

Business risks

Business risk	Risk mitigation plans
Raw material price volatility	
Prices of all agricultural inputs tend to fluctuate with a major impact on input costs. The El Niño effect for the 2015/16 crop has resulted in considerable volatility and concern. Although all producers would be exposed to similar prices, the main risk is the inability to recover this higher input cost.	• Alignment with well-established suppliers who have global reach. • Key raw material procurement centrally co-ordinated. • Astral Executive Procurement Committee reviews and updates procurement strategy and prices regularly.
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; and • 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.
Energy and water security and pricing	
• Regional and seasonal shortages of specifically liquefied petroleum gas are experienced. • Cost and availability of electricity. • Quality and availability of water. • Unscheduled power interruptions.	• Alternative energy sources identified and utilised. • Centralised procurement. • Planned production runs. • Water storage and enhancement of distribution.
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, microbiological 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 micronutrient content it could impact 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.
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.

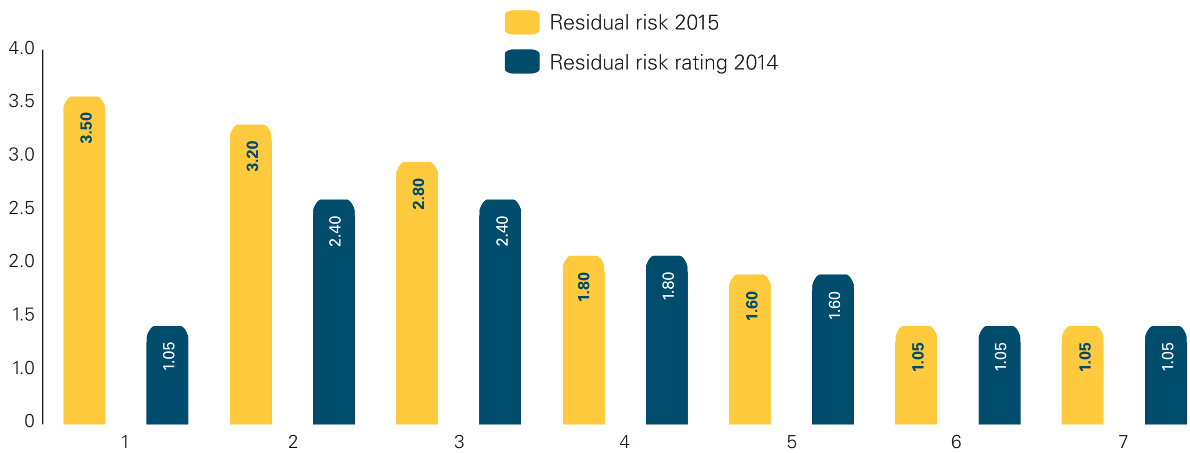
Inherent risk rating



Risk

1 Raw material price volatility
2 Prolonged imbalance in supply and demand
3 Energy and water security and pricing
4 Break down in biosecurity and threat of new diseases
5 Micro ingredient deficiency and/or contamination with undesirable substance
6 Non-conformance to final feed specifications
7 Genetic performance

Residual risk rating



ASTRAL APPLIES AN ENTERPRISE-WIDE RISK MANAGEMENT APPROACH, INVOLVING ALL LEVELS OF MANAGEMENT.

Residual risk status

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

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

The new Standerton feed mill enjoyed a first full year of feed production, averaging approximately 24 000 tons of feed per month utilising 60% of the available capacity.

STAKEHOLDER
ENGAGEMENT

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 chief executive officer directly and information that is in the public domain is disclosed.

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

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

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

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

Detailed information regarding our stakeholders are contained in the Sustainability Report on page 80.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
From left to right:
Christiaan Ernst Schutte,
Daniel Dirk Ferreira, Theo Delport,
Gary Desmond Arnold and
Obed Mooki Lukhele.

NON-EXECUTIVE DIRECTORS

Theunis Eloff 60
BJur (Econ), ThB, ThM, ThD
Appointed to the board on 8 May 2007

Malcolm Macdonald 73
BCom, CA(SA)
Appointed to the board on 14 November 2003 until 11 February 2016

Nombasa Tsengwa 50
BSc, MSc, PhD (Biotechnology)
Appointed to the board on 8 May 2007

Izak Stephanus Fourie 68
BCom, CA(SA)
Appointed to the board on 1 July 2010

Diederik Johannes Fouché 61
M Comm, CA(SA), H Dip Tax Law, H Dip Business processing
Appointed to the board on 12 November 2015

Tshepo Monica Shabangu 44
BProc, LLB, LLM
Appointed to the board on 1 July 2013

Takalani Patricia Maumela 47
BCur, MBL
Appointed to the board on 1 July 2013

NON-EXECUTIVE DIRECTORS
From left to right: Theunis Eloff, Malcolm Macdonald, Nombasa Tsengwa, Izak Stephanus Fourie, Diederik Johannes Fouché ,Tshepo Monica Shabangu and Takalani Patricia Maumela.

EXECUTIVE DIRECTORS

Christiaan Ernst Schutte 55

Management Business Administration and Finance Dip

Chief executive officer with effect from 1 May 2009

Appointed to the board on 18 August 2005

Daniel Dirk Ferreira 59

BCom, BCompt (Hons), CA(SA)

Chief financial officer

Appointed to the board on 1 May 2009

Theo Delport 55

Dip. Sales Management

Managing director: Poultry division

Appointed to the board on 23 March 2009

Gary Desmond Arnold 43

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

Director: business development

Appointed to the board on 1 March 2012

Obed Mooki Lukhele 40

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

Group veterinary director

Appointed to the board on 1 May 2009 until 11 February 2016

NON-EXECUTIVE DIRECTORS

Theunis Eloff 60

BJur (Econ), ThB, ThM, ThD

Director of companies

Appointed to the board on 8 May 2007

Member of the Audit and Risk Management Committee from October 2010

Chairman of the Social and Ethics Committee from November 2011

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

Chairman of the board from June 2014

Experience: Served as minister of religion in Pretoria since 1983. Completed doctorate in theological ethics. Left the ministry in 1989 and joined the Consultative Business Movement (CBM). Headed the administration of Codesa. Deputy director of the Transitional Executive Council before the 1994 elections. Chief executive officer of National Business Initiative from 1995. Became Vice-Chancellor of Potchefstroom University for CHE in 2002, and headed the merged North-West University from 2004. Completed his second term at the NWU in May 2014.

External appointments: Chairman of Die Dagbreek Trust, the Trust vir Afrikaanse Onderwys and chairman of the FW de Klerk Foundation. Past president of the Afrikaanse Handelsinstituut (AHI).

Malcolm Macdonald 73

BCom, CA(SA)

Director of companies

Appointed to the board on 14 November 2003

Member of the Audit and Risk Management Committee from May 2004 until 11 February 2016

Experience: 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).

External appointments: Currently serves on the board and as chairman of the Audit Committee of Gijima Group Limited.

Nombasa Tsengwa 50

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

Experience: 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.

External appointments: 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.

EXECUTIVE DIRECTORS

Christiaan Ernst Schutte 55

Management Business Administration and Finance Dip

Chief executive officer with effect from 1 May 2009

Appointed to the board on 18 August 2005

Experience: Joined Golden Lay Farms, a division of Tiger Brands, the leading egg producing organisation in Southern Africa, in October 1984 as assistant farm manager. Spent 18 years with the group in various positions including sales director from 1996 to 2002. Joined Astral Foods Limited in May 2002 as manager of retail sales for Meadow Feeds before being appointed as sales and marketing director in August 2002.

Appointed as managing director for the animal feeds division in July 2004 responsible for Meadow Feeds Southern Africa and various other service related business units. Appointed as chief executive officer of Astral Foods Limited on 1 May 2009.

External appointments: None.

Daniel Dirk Ferreira 59

BCom, BCompt (Hons), CA(SA)

Chief financial officer

Appointed to the board on 1 May 2009

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

External appointments: None.

Izak Stephanus Fourie 68

BCom, CA(SA)

Director of companies

Appointed to the board on 1 July 2010

Chairman of the Audit and Risk Management Committee from May 2015

Member of the Human Resources and Remuneration Committee from October 2010

Experience: Retired as chief operating officer of PricewaterhouseCoopers in 2005. Served on the PricewaterhouseCoopers global board and before that on the Coopers & Lybrand International board. Also served on the Coopers & Lybrand international audit and accounting standards committee.

Previously served as the chairman of Business Skills for South Africa (BSSA), a PricewaterhouseCoopers initiative with the National African Federated Chamber of Commerce and Industry (NAFCOC) to train emerging business people.

External appointments: Currently serves on the board of Cashbuild Limited and as chairman of their Audit and Risk Management Committee and a member of their Human Resources and Remuneration Committee.

Diederik Johannes Fouché 61

M Comm, CA(SA), H Dip Tax Law, H Dip Business processing

Director of companies

Appointed to the board on 12 November 2015

Member of the Audit and Risk Management Committee from November 2015

Experience: Former head of PwC Southern Africa consumer industrial products and services industry practice (CIPS) for 17 years. Served as a member of the PwC Southern Africa and Africa Board and was chairman of the Finance and Risk Committee. He also represented the firm on the PwC Europe, Middle East and Africa CIPS Committee. He has extensive experience in the consumer industrial products and services industry and has engaged with clients, global experts and industry on various surveys, trends and strategic issues. He has provided clients with merger and acquisition transaction structuring and support. Also assisted clients with the issue of bonds listed in foreign markets as part of the PwC Global Capital Markets team.

He has been involved in the audits of major listed and multinational clients and the control of audits as the corporate engagement partner of companies with multi-locations and foreign operations.

External appointments: Currently serves as a non-executive director and chairman of the board of directors of Distribution and Warehousing Network Limited (DAWN).

Tshepo Monica Shabangu 44

BProc, LLB, LLM

Attorney and notary public

Appointed to the board on 1 July 2013

Member of the Audit and Risk Management Committee from November 2014

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

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

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

Takalani Patricia Maumela 47

BCur, MBL

General Manager

Appointed to the board on 1 July 2013

Member of the Social and Ethics Committee from August 2014

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

External appointments: 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.

Theo Delport 55

Dip. Sales Management

Managing director: Poultry division

Appointed to the board on 23 March 2009

Experience: Started his career in 1984 as sales representative with Todays Frozen Foods and joined Spekenham in 1988 as sales and marketing manager. He joined County Fair in 1992 as national sales manager (retail) and was appointed managing director in 2001. He resigned from County Fair in 2007 to become a partner in a private business venture but returned to Astral in May 2008 as sales and marketing executive of the Poultry Division.

He was appointed as managing director of the Poultry Division in March 2009.

External appointments: None.

Gary Desmond Arnold 43

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

Director: business development

Appointed to the board on 1 March 2012

Member of the Social and Ethics Committee from November 2011

Experience: 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 Nutec Southern Africa (now Provimi SSA), 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 Foods Limited on 1 November 2010.

External appointments: None.

Obed Mooki Lukhele 40

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

Group veterinary director

Appointed to the board on 1 May 2009 until 11 February 2016

Experience: 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.

External appointments: None.

GOVERNANCE STRUCTURE

BOARD

AUDIT AND RISK MANAGEMENT COMMITTEE

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE

SOCIAL AND ETHICS COMMITTEE

OPERATIONAL MANAGEMENT

EXECUTIVE MANAGEMENT

- Chief executive officer
- Chief financial officer
- Managing director: Poultry
- Director: business development
- Managing director: Feeds
- Human resources director
- Managing director: Africa Operations
- Director: risk management

CORPORATE

- Company secretary
- Procurement
- Sustainability and preferential purchasing
- Internal audit and risk
- Veterinary control

EXECUTIVE MANAGEMENT

Chris Schutte 55

Chief executive officer

Appointed as director of Astral Operations Limited in November 2006

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

Appointed as managing director for the animal feeds division in July 2004 before being appointed as chief executive officer of Astral Foods Limited in 2009.

Daan Ferreira 59

Chief financial officer

Appointed as a director of Astral Operations Limited in May 2009

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

Theo Delport 55

Managing director, Poultry division

Appointed as a director of Astral Operations Limited in March 2009

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

Andy Crocker 45

Managing director, Meadow Feeds

Appointed as director of Astral Operations Limited in March 2012

Having previously farmed in the KwaZulu-Natal midlands, he joined Meadow Feeds as a technical advisor in 1998 as part of the team that established the Eastern Cape operations. He holds a BSc Agriculture degree from the University of Natal and a Master's degree in Business Management from Henley Management College, UK, and is a Registered Professional Scientist with the South African Council for Natural Scientific Professions. In 2000 he became the technical support manager for the Eastern Cape before moving to Meadow Paarl as sales manager in 2002. Originally appointed as general manager of the Port Elizabeth mill in March 2005 he became chief operating officer of the Eastern Cape region in July 2006 before heading the formation of the Cape region in November 2010 as chief operating officer responsible for the Paarl, Ladismith and Port Elizabeth operations. He was appointed as managing director of Meadow Feeds in February 2012.

Gary Arnold 43

Director: business development

Appointed as director of Astral Operations Limited in November 2010

Holds a Master's degree in Animal Science from the University of Natal. He also holds a Master's degree in Business Administration from the University of the Witwatersrand which he completed in 2005. Gary is a registered Professional Animal Scientist. Appointed as managing director of Nutec Southern Africa (now Provimi SSA) on 1 August 2004, and later as chief operating officer for the Meadow division's Western Cape operations on 1 January 2006. On 1 March 2012 appointed as the director: business development for Astral Foods.

Len Hansen 64

Human resources director

Appointed as director of Astral Operations Limited in April 2001

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

Evert Potgieter [45]

Director: risk management

Appointed as a director of Astral Operations Limited in December 2014

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

Roedolf Steenkamp [49]

Managing director, Africa operations

Appointed as a director of Astral Operations Limited in December 2014

He holds a BCom 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 16 years' experience in feed milling, having also spent four years in sales and marketing at South African Breweries, before moving to Epic Foods as export manager. Since 2012 he is responsible for all the other African operations of Astral.

CORPORATE SERVICES

Anil Rambally 43

Group purchasing and sustainability manager

Appointed: February 2001

Started career in 1992 as a despatch clerk at Alpha Stone and Readymix (now Afrisam). Joined Nutec Southern Africa in 1999 and progressed through the ranks. Appointed as executive manager: preferential purchasing in February 2010 and executive manager: sustainability and preferential purchasing in December 2010.

Obed Lukhele 40

Group veterinary director

Appointed in May 2007

Obtained his veterinary degree from the Medical University of South Africa (Medunsa) and an honours degree in entomology from Pretoria University. Spent six years in veterinary pharmaceutical industry as poultry technical and export manager from 2001 to 2007. During mid-2007, joined Astral as veterinary technical manager and two years later was appointed as group veterinary director.

Maryna Eloff 62

Group company secretary

Appointed in 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 Astral, management member of the group's provident funds and member of the group corporate risk management committee.

Braam Spies [58]

Group credit manager

Appointed in September 2004

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

Willem Stander [57]

Group procurement manager

Appointed in February 2001

Obtained a BSc Agric (Hons) degree 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 Feeds Paarl in 1984 as nutritionist and promoted to marketing manager in 1989 and to raw material director in 1995. Appointed as group procurement manager for the Feed division in 1999.

CORPORATE GOVERNANCE

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

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

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

- Compilation of an ethics risk profile and the measurement of its impact on our corporate social investment programme: The Social and Ethics Committee has made considerable progress in addressing these aspects.
- Implementation of measurable corporate citizenship programmes and policies: The Social and Ethics Committee is addressing these aspects.
- Appointment of an expert to provide assurance on material elements of the sustainability section of the integrated annual report: the Audit and Risk Management Committee will evaluate this once more standardisation is evident in public reporting.
- Appointment of an independent compliance function: our company secretary and the director: risk management are responsible for compliance and refer to our legal advisors where necessary.
- The board does not consider it appropriate to disclose the names of the three employees who are not directors and who receive the highest salaries: they are referred to as employee 1, 2 and 3 in the Remuneration report.
- Remuneration of non-executive directors is paid on a fixed fee per annum basis as our directors not only attend board and committee meetings but actively participate in the affairs of the company at all times: the board reviews this position on an annual basis.

The 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 III Report, must exist with regard to conflicts of interest and the maintenance of a register of directors' interests;
- the board must conduct an annual self-evaluation;
- directors must have access to staff, records and outside professional advice where necessary;
- succession planning for executive management must be in place and must be updated regularly;
- strategic plans and an approvals framework must be in place and reviewed regularly;
- policies to ensure the integrity of internal controls and risk management must be in place; and
- social transformation, ethics, safety, health, human capital, and environmental management policies and practices must be monitored and reported on regularly.

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

We believe that the non-executive directors are of suitable calibre and number for their views to carry significant weight in the board's decisions. An independent non-executive chairman leads the board. A schedule of beneficial interests of directors appears on page 114 of this report.

In September 2015, an evaluation of each of the non-executive directors' independence was conducted. The overall findings were presented to the board and discussed. This evaluation supported the board's decision to endorse all retiring directors standing for re-election. Mr M Macdonald has served on the board for a period longer than nine years and has indicated his intention to retire as director at the annual general meeting on 11 February 2016. Mr IS Fourie replaced Mr Macdonald as chairman of the Audit and Risk Management Committee in May 2015 and Mr Macdonald will remain a member of the committee until his retirement as director. Dr OM Lukhele indicated that he has decided to resign from his position as director of Astral Foods and that he would prefer to concentrate on his professional duties as chief veterinarian of the group. His resignation will be effective from 11 February 2016. Mr D Fouché has been appointed as a director and member of the Audit and Risk Management Committee with effect from 12 November 2015. Dr T Eloff resigned as a member of the Audit and Risk Management Committee and as chairman and member of the Social and Ethics Committee on 11 November 2015.

No director is disqualified in terms of the criteria for independence as laid down by the JSE Listings Requirements or by King III. We currently have four historically disadvantaged South African directors on the board of whom three are independent non-executive directors.

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

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

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

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

A complete list of board members and their CVs appear on pages 44 to 47 of this report. In terms of our memorandum of incorporation all new directors appointed during the year, as well as one-third of the existing non-executive directors, have to retire on a rotational basis each year but may offer themselves for re-election.

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

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

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

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

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

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

The following assessments were completed during the year:

- performance evaluation of the Audit and Risk Management Committee;
- performance evaluation of the Human Resources, Remuneration and Nominations Committee;
- performance evaluation of the Social and Ethics Committee;
- performance evaluation of the board;
- performance evaluation of the chairman;
- performance evaluation of the chief executive officer; and
- performance evaluation of the company secretary.

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

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

Attendance at meetings

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

Attendance at meetings was as follows:

Board

Director	2014 12.11	2015 12.2	9 and 10.4@	13.5	19.8
GD Arnold	√	√	√	√	√
T Delport	√	√	√	√	√
T Eloff	√	√	√	√	√
DD Ferreira	√	√	√	√	√
IS Fourie	√	√	√	√	√
OM Lukhele	√	√	√	√	√
M Macdonald	√	√	√	√	√
TP Maumela	√	√	√	A	√
CE Schutte	√	√	√	√	√
TM Shabangu	√	√	√	√	√
N Tsengwa	√	√	√	A	√

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

Audit and Risk Management Committee

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

Director	2014 9.10	11.11	2015 13.5
T Eloff	√	√	√
M Macdonald	√	√	√
IS Fourie	√	√	√
TM Shabangu	#	√	√

√ Present.
 # Appointed 11 November 2014.

Human Resources, Remuneration and Nominations Committee

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

Director	2014 29.10	2015 25.2	4.8
IS Fourie	√	√	√
T Eloff	√	√	√
N Tsengwa	√	√	√

√ Present.

Social and Ethics Committee

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

	2014 13.1	2015 25.3	19.8
GD Arnold	√	√	√
T Eloff	√	√	√
LW Hansen	√	√	√
TP Maumela	√	√	√

√ Present.

Directors undergo an induction plan which includes site visits to familiarise themselves with all aspects of our business.

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

	Fixed fee per annum R'000
Chairman of the board	563
Member of the board	225
Chairman of the Audit and Risk Management Committee	170
Member of the Audit and Risk Management Committee	89
Chairman of the Human Resources, Remuneration and Nominations Committee	160
Member of the Human Resources, Remuneration and Nominations Committee	84
Chairman of the Social and Ethics Committee	160
Member of the Social and Ethics Committee	40

The remuneration is payable on a monthly basis.

Board committees

To enable the board to properly discharge its responsibilities and duties, certain responsibilities have been delegated to board committees. All board committees are chaired by an independent non-executive director. Particulars of the composition of the board of directors and committees appear on pages 46 and 47 of this report. Board committee charters are reviewed on an annual basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and keep abreast of developments in this field.

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

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

The board committees are as follows:

The Audit and Risk Management Committee

The Audit and Risk Management Committee comprises four members, all of whom are independent non-executive directors, and meets at least three times a year with management, internal and external auditors as well as the group's risk managers.

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 functions;
- assisting the board in the discharge of its duties relating to the safeguarding of assets and operation of adequate systems and internal controls;
- ensuring the preparation of accurate financial reporting in compliance with all applicable legal requirements, corporate governance and accounting standards;
- providing support to the board on evaluating the risk profile and risk management of the group; and
- providing support to the board on information technology governance and risk.

Both the director: risk management and the external auditors have unfettered access to the chief executive officer, the chairman of the board and the Audit and Risk Management Committee.

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

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

Divisional Audit Committee meetings are scheduled twice a year at every business unit. These meetings are chaired by the chief financial officer, attended by the chief executive officer, internal audit, external audit and the business unit chief operating officer and finance executive.

Risk management

We are committed to the following risk management action plan:

- identifying the risks to which the company is exposed;
- identifying the most effective ways of eliminating or mitigating risk exposures as far as is 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 are:

Member	Independent Non-executive	Period
IS Fourie (chairman)	Yes	July 2010 to date
T Eloff	Yes	October 2010 to date (note 1)
M Macdonald	Yes	May 2004 to date (note 2)
TM Shabangu	Yes	November 2014 to date (note 3)

Note 1 Dr T Eloff has resigned as member of the committee with effect from 11 November 2015.
Note 2 Mr M Macdonald will resign as member of the committee with effect from 11 February 2016.
Note 3 Mr D Fouché has been appointed as a member of the committee with effect from 12 November 2015.

Internal audit
We have established an independent, objective and effective internal audit department governed by a charter approved by the board. The internal audit function reports to the chief executive officer and has unfettered access to the chairman of the board and the chairman of the Audit and Risk Management Committee.

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

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

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

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

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

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

- IT Steering Committee to monitor and manage IT governance;
- IT policies and procedures to regulate the management of all IT functions;
- relevant standards and processes that are subject to audits, reviews and benchmarks; and
- policies and procedures to govern the active directory and exchange which has been outsourced.

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

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

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

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 predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body and any evidence that brings into question previously published information, forward-looking statements or information;
- reviews for reliability, the disclosure of sustainability in the integrated annual report;
- recommends to the board whether or not to engage an external assurance provider on material sustainability issues;
- recommends the integrated annual report for approval by the board; 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 based on the fact that sustainability reporting formed part of the budget process and is reported on by business units and approved by the executive directors. This approach will be reviewed every year. We have appointed a full-time sustainability 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 108 to 110.

The Human Resources, Remuneration and Nominations Committee

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

Dr N Tsengwa chairs all sections of meetings of the committee dealing with human resources and remuneration. However, sections dealing with matters related to nominations are chaired by Dr T Eloff, 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
T Eloff (chairman for nominations function)	Yes	Appointed on 1 June 2014
IS Fourie	Yes	October 2010 to date

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

Further information regarding the activities of the committee is available in the Remuneration Report on pages 64 to 67.

Social and Ethics Committee

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

Members of the Social and Ethics Committee are:

Member	Independent Non-executive	Period
T Eloff (chairman)	Yes	October 2011 to date (note 1)
GD Arnold	No	October 2011 to date
LW Hansen	No	October 2011 to date
TP Maumela	Yes	August 2014 to date (note 2)

Note 1 Dr T Eloff has resigned as member of the committee with effect from 12 November 2015.
Note 2 Mrs T P Maumela has been appointed as chairman of the committee with effect from 12 November 2015.

SOCIAL TRANSFORMATION, ETHICS, SAFETY, HEALTH, HUMAN CAPITAL AND ENVIRONMENTAL MANAGEMENT POLICIES AND PRACTICES ARE MONITORED AND REPORTED ON REGULARLY.

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 workplan for the short to medium term will focus on:

- **Human Rights**
  To support and respect 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.

An advisory panel has been established and consists of:

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

For more information regarding the activities of the committee, refer to the Social and Ethics committee report on pages 68 to 69.

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

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

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

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

The Code of Ethics deals with:

- Complying with all laws, regulations and codes.
- Culture, ethics and values;
- Dealing openly and honestly with customers, suppliers and other stakeholders.
- Respecting and protecting privacy and confidentiality.
- Respecting human rights and dignity of employees.
- Social responsibility.
- Guidelines in respect of receiving and giving gifts and entertainment.
- Prohibiting the acceptance of bribes, directly or indirectly.
- Prohibiting the payment or offering of bribes.
- Integrity of financial information.
- Protection of confidential information.
- Protection and use of company property.
- Conflict of interest.
- Action on contravention of the Code.

In terms of accountability, all employees are required to:

- commit to individual conduct in accordance with the Code of Ethics;
- observe both the spirit and the letter of the law in their dealings on the group's behalf;
- recognise the group's responsibility to its shareholders, customers, employees, suppliers and to society;
- conduct themselves as responsible members of society, giving due regard to health, safety and environmental concerns, and human rights, in the operation of the group's business; and
- report any suspected breach of the law or the Code of Ethics to the internal audit department or the board who will protect those who report violations in good faith.

The board accepts overall responsibility for the adherence to the Code of Ethics and has no reason to believe that there has been any material non-adherence to the Code of Ethics during the year under review. The Code of Ethics is reviewed on a regular basis by the Social and Ethics Committee.

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

Restrictions on share dealings

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

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

Management reporting

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

Company secretary

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

The board assesses the qualification, competence and expertise of the company secretary and confirms her suitability in terms of the JSE Listings Requirements on an annual basis. For further information on the company secretary, please refer to corporate services on page 52.

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

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

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

Engagement with shareholders and investors

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

For further information on stakeholder communication, please refer to the stakeholder engagement report on page 43.

Political party contributions

We do not make any contributions to political parties.

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.

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

REMUNERATION REPORT

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

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

The members of the committee at 30 September 2015 were Mr IS Fourie, Dr N Tsengwa and Dr T Eloff.

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

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

The group company secretary attends all meetings of the committee as secretary. The chief executive officer and the human resources director of Astral Operations Limited attend all meetings by invitation. No attendee may participate in any discussion or decision regarding his or her own remuneration.

Human Resources, Remuneration and Nominations Committee – advisors

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

Reward strategy, intent and principles

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

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

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

Executive remuneration policies

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

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

Remuneration is made up of three components:

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

  Guaranteed packages within the Astral group are structured to be in line with the median of the market but with the proviso that for key talent, both professional and executive, a positioning closer to or at the 75th percentile level of peer companies is considered.
- **Annual incentive bonuses**
  The annual incentive schemes operating within Astral are tailor-made to specific levels of employees within the organisation. They incentivise all categories of staff, and are reviewed regularly to ensure they remain appropriate.

  The goal of the annual incentive bonuses is to reward for 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.

Participants within this plan falls into two categories:

(i) An EVA-based calculated bonus, covering top and senior management (EVA Incentive Bonus Scheme);

(ii) A business unit operating profit target bonus, covering all other employees of the different business units (PBIT incentive bonus scheme).

EVA incentive bonus scheme

- Incentive bonuses for top and senior management are based on achieving economic value added (EVA) targets. EVA is for purposes of the scheme defined as the excess of net operating profit after tax (NOPAT), over the return on net assets at year-end calculated at the weighted average cost of capital (WACC) percentage.
- The total available amount for bonuses to the top and senior management is limited to 20% of the economic value added (i.e. excess of actual NOPAT over the required return on net assets).
- A second limit is also applied whereby any individual bonus cannot exceed twice the targetable bonus (for the particular individual), irrespective of the total bonus payments being within the 20% share of the economic value added.
- Incentive bonuses of top management is 100% based on achieving economic value added targets.
- Incentive bonuses for senior management is 50% based on achieving economic value added targets, and 50% based on achieving operating profit targets (for the respective business units where they are employed).
- The committee sets the annual EVA target, and individual target bonuses are determined according to the different levels of Patterson grades, i.e. D (40%), E (50%) and top management (60%). Sharing percentages are set for each participant.
- An external consultant calculates the EVA incentive bonus payments for senior management which is subject to a review by PricewaterhouseCoopers Inc.

PBIT incentive bonus scheme

- The incentive bonus payable to employees participating in this scheme is based on achieving a combination of budgeted operating profit and an improvement on the previous year's operating profit.
- Half of the incentive payable is limited to 20% of the excess of operating profit over budget and the other half is limited to 20% of the excess of operating profit over the previous year.
- A second limit is also applied whereby any individual bonus payment may not exceed between 12% and 20% of the employee's cost of employment to the company.

The costs recognised in profit and loss are as follows:

	2015 R'000	2014 R'000
Top and senior management	**104 715**	24 307
All other employees	**65 131**	20 380
	169 846	44 687

- **Long-term retention incentives**
  Share option incentives
  No share options have been granted and shareholders have not been requested to approve any allocations since 2013.

  Long-term retention bonus scheme (LRP)
  The LRP was introduced in the place of share options in order to achieve retention of top and senior management members.

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

  (i) Top management
  Performance conditions must be met for 75% of the bonus amount, whilst 25% of the allocated amount is guaranteed.

  (ii) Senior management
  No performance conditions are set and the full allocated amount is guaranteed.

- The bonus amounts are allocated annually during October and are approved by the committee.
- The LRP payments vest over a period of three years and are subject to meeting predetermined conditions.
- The following applies in respect of the performance conditions set for the 75% portion of the bonus amount:
  – 37% of the bonus amount is subject to achieving a predetermined average annual increase in earnings per share (EPS) over a three-year period. The actual payment is calculated according to a sliding scale. An average annual increase in EPS over a three-year period of inflation plus 8% per annum, will secure a payment equal to 37% of the allocated bonus amount and an average increase in EPS equal to the inflation rate will secure a payment equal to 10% of the allocated bonus amount.

- 38% of the bonus amount is subject to achieving a predetermined performance condition of an average Performance Efficiency Factor (PEF)* over a three-year period. The actual payments are calculated on a sliding scale according to the average PEF achieved over the three-year period.
  * *PEF is an internationally recognised standard to measure performance on broiler farms. PEF measures a number of biological factors of the birds (mortality rates, feed conversion ratio (FCR), live weight of the bird and slaughter age). The purpose of using the PEF as a performance condition is to focus on one of the most important factors in the business under management control which impacts on profitability.*
- No payments are made if the minimum performance condition targets are not achieved.
- The committee reserves the right to change the performance conditions for new LRP amounts awarded. Targets for the performance conditions are reviewed by the committee annually at the time of allocation of new bonus amounts. Performance conditions and amounts allocated are not changed once the awards have been made.
- Vested bonus amounts payable are calculated based on the performance conditions achieved during each three-year period ending on 30 September of the respective year. Actual payment of the amounts are made during the following financial year.

The costs recognised in profit and loss, according to the principles of accounting standard IAS 19 – *Employee Benefits*, are as follows:

	2015 R'000	2014 R'000
September 2011 allocation	**1 814**	9 195
September 2012 allocation	**19 833**	14 598
September 2013 allocation	**15 530**	14 862
September 2014 allocation	**17 984**	–
	55 161	38 665
Actual payments made during the financial year	**30 153**	28 106

Service contracts and severance arrangements

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

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

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

Provident fund

During the year, the relevant group companies made contributions for Paterson D, E and F employees 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 112.

At its meeting in February 2015, the Human Resources, Remuneration and Nominations Committee assessed the levels of funding and benefits of the AFRF Provident Funds and is satisfied that the Funds were solvent and did not pose a risk to any of the group's employees or retirees.

Other benefits

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

Executive directors' remuneration

For information regarding executive directors' and prescribed officers' emoluments, other benefits and share incentive scheme interests, refer to the directors' and prescribed officers' remuneration report on page 112.

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

Employee 1	R6 262 110
Employee 2	R6 243 964
Employee 3	R5 462 861

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

Non-executive directors' fees

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

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

The fees for non-executive directors are recommended by the Human Resources, Remuneration and Nominations Committee and approved in advance by shareholders at the annual general meeting. Fees for the 2015/16 financial year were reviewed by the committee and the board in August 2015 and will be approved by shareholders at the annual general meeting in February 2016. These fees apply until the next annual general meeting of the company. The Human Resources, Remuneration and Nominations Committee changed the chairman's fee to an all-inclusive flat fee for 2016. The chairman of the board will be required to attend all board sub-committee meetings.

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

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

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

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

The fees paid to the chairman during 2015 were as follows:

	R'000
Chairman of the board	563
Member of the Audit and Risk Committee	89
Member of the Human Resources, Remuneration and Nominations Committee (chairman of the nominations section)	84
Chairman of the Social and Ethics Committee	160
Total	**896**

The board approved a 6,5% increase for the 2016 financial year, which brings the figure to R950 000 per annum.

Shareholders will be required to vote on the non-executive directors' fees set out in the notice of the annual general meeting on page 168 of this integrated annual report at the annual general meeting to be held on 11 February 2016.

For information regarding fees for acting as non-executive director and member of the various board committees, refer to the directors' report on page 104.

For information regarding executive directors' emoluments paid, refer to the directors' and prescribed officers' remuneration report on pages 112 and 114.

Nombasa Tsengwa
Human Resources, Remuneration and Nominations Committee Chairman

Pretoria
11 November 2015

SOCIAL AND ETHICS
COMMITTEE REPORT

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

Composition

At 30 September 2015, the committee comprised Dr T Eloff (chairman), Mr GD Arnold, Mrs TP Maumela and Mr LW Hansen. The chairman and TP Maumela are independent non-executive directors.

Mandate and terms of reference

A formal mandate and terms of reference for the committee 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:

  J Lakay, D Tshabalala and S Zondi.

- Three members who are members of a registered profession:

  A Itzikowitz, K Kalicharran and J Vorster.

- Three members who represent the community and public interest:

  L Knox, N Selepe and C Van Louw.

Workplan

During the year the committee concentrated on the workplan and its execution, including the company's adherence to ethical and/or compliance in a number of areas:

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

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

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

Meetings

The committee met three times during the year. Attendance of these meetings is shown in the table set out on page 57 of this report.

Outcomes

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

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

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

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

The board approved the Consumer Protection Act Policy drafted by the committee.

Next steps

During the next financial year the committee will monitor the six areas where legislation and codes of best practice are relevant. These are:

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

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

Theuns Eloff
Social and Ethics Committee Chairman

11 November 2015

SUSTAINABILITY REPORT

1. 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.

2. 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.

2.1 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 70 to 99).
Company secretary	Corporate governance, including all aspects related to the King III Report (see pages 54 to 63).
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 104 to 165).
Human resources	Skills development, recruitment, transformation, protecting employee human rights, implementing the company's Wellness strategy (which includes the HIV/Aids incentives).

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

- monthly Health and Safety meetings;
- bi-monthly Corporate Risk Management meetings;
- quarterly Operational Risk Management meetings;
- semi-annual Audit Committee meetings; and
- an annual Group Risk Management meeting.

2.2 Assurance

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

2.3 Governance, ethics and values

Governance, ethics and values are addressed in the corporate governance section of the report on pages 54 to 63. Financial compliance is assured through internal structures and controls and independent financial audit. We also have our own internal set of values and ethics which guide all our activities and relationships, both individual and corporate.

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

2.4 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 38.

EMPLOYEE AWARD WINNERS – 2015

Feed division

Christiaan Auret

Feed division Achiever of the year

Lindani Nkwanyana

Poultry technical advisor of the year

Poultry division

Mike Snyman

Poultry division Achiever of the year

3. Economic sustainability practices

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

Value added statement

	2015 R'000	2015 %	2014 R'000	2014 %
Value added				
Sales of goods and services	**11 265 962**		9 602 376	
Less: Cost of materials and services	**(8 564 697)**		(7 832 517)	
Value added from trading operations	**2 701 265**	**99,5**	1 769 859	100,0
Income from investments	**12 810**	**0,5**	651	0,0
Total value added	**2 714 075**	**100,0**	1 770 510	100,0
Value distributed				
To labour	**1 436 515**	**52,9**	1 132 366	64,0
To government	**321 477**	**11,8**	136 657	7,7
Income tax	**313 655**		128 835	
Skills development levies	**7 822**		7 822	
To providers of capital	**343 707**	**12,7**	169 161	10,7
Dividends to shareholders	**320 719**		163 232	
Interest on borrowings	**22 988**		25 929	
Total distributions	**2 101 699**	**77,4**	1 458 184	82,4
Income retained in the business	**612 376**	**22,6**	312 326	17,6
Depreciation/amortisation	**153 156**		134 492	
Retained profit for the year	**459 220**		177 834	
Total value distributed and reinvested	**2 714 075**	**100,0**	1 770 510	100,0

Astral's long-term success rests on its ability to attract, develop and retain globally competitive employees.

4. Social aspects

Issues:

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

Broad-based black economic empowerment (B-BBEE)

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 90% 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.

Anil Rambally, purchasing and sustainability manager, proudly displays Astral's sustainability data transparency index award for the 2014 integrated report awarded by IRAS.

African, Indian, Coloured (AIC) vs White employees in our South African operations:

	2015 AIC	2015 White
Board (Non-executive directors)	**3**	**3**
Executive – F	**1**	**4**
Senior management – E	**10**	**34**
Middle management – D	**25**	**111**
Skilled upper/technical – C	**211**	**324**
Semi-skilled/apprentice/trainee – B	**1 425**	**192**
Labourers/unskilled – A	**5 469**	**11**
Total	**7 144**	**679**

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

Number of employees at the end of September – group

	Feed		Poultry		Other Africa		Corporate		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Permanent	**582**	480	**7 137**	7 335	**582**	448	**22**	22	**8 323**	8 185
Contract	**184**	264	**4 516**	3 306	**–**	–	**–**	–	**4 700**	3 570
Total	**766**	744	**11 653**	10 541	**582**	448	**22**	22	**13 023**	11 755

Forty-seven percent of our permanent employees are women.

ASTRAL HEALTH LINK EMPLOYEE WELLNESS PROGRAMME

Astral's health and wellness programme continued to make a positive impact in the workplace over the past year, helping employees to prevent and manage illness and disease proactively. Primary healthcare, wellness, clinic and occupational health services are delivered by an independent provider, Kaelo Consulting (Pty) Limited, ensuring confidential, professional and personalised healthcare.

The Astral Health Link Employee Wellness Programme aims to enhance the health and well-being of all employees. Health and wellness initiatives are delivered through wellness days, onsite clinics and workplace health workers, including nurses, doctors and a dedicated team of patient managers who provide ongoing advice, care and health education.

Teams of wellness professionals assist employees with chronic health risks such as high blood pressure, diabetes, high cholesterol, HIV/Aids and obesity. Primary healthcare services improve employee health and productivity by minimising the impact of non-work-related illness, while occupational health services enhance the hygiene and personal safety of employees in our various workplace environments. Rehabilitation of ill or injured workers is also managed, along with their reintegration and readiness to return to work.

Given the nature of Astral's operations, it is essential for our group to meet best practice requirements when it comes to workplace wellness, occupational health and onsite safety measures. This also ensures legal and regulatory compliance for the Astral group with prevailing legislation such as The Occupational Health and Safety Act, the National Health Act, the Meat Safety Act and relevant food handling and poultry guidelines.

Over the past year a strong focus was placed on workplace audits and occupational health and safety assessments. This, along with a range of new clinic services, is helping us to align our operations with best practice. It will also ensure ongoing cost-effective management and delivery of the optimal range of health and wellness services to our employees.

Demand for onsite health services is high across Astral sites nationwide. Growth projections for amenities such as primary healthcare, chronic health interventions, occupational health medicals, HIV/Aids management and various other wellness consultations are being carefully managed in order to ensure that quality services continue to be provided in the best possible manner.

Recent highlights from the Astral Health Link programme include the following:

- Over 70% of the Astral workforce has completed wellness screenings.
- Since inception in 2009, over 31 000 employees have received voluntary counselling and testing for HIV/Aids – 62% of all permanent employees know their HIV status.
- With a 23,5% HIV prevalence rate in 2014, antiretroviral (ARV) treatment is being provided to those requiring it, with active monitoring, re-testing and counselling available.
- Regular wellness days and health screenings identify chronic risks such as diabetes, obesity, hypertension and hypercholesterolemia, with patient management follow-up provided to assist employees to make the necessary lifestyle changes for improved health.
- Patient managers assist employees with SMART health goals in order to address factors such as diet, exercise, weight loss, safe sex, drug addiction, smoking cessation and excessive alcohol consumption.
- Patient managers support employees to adhere to medical treatment, including ARV treatment for HIV/Aids and medication for Tuberculosis.
- Primary healthcare nurses assist employees with minor illnesses and pregnancy care.
- Clinic nurses provide first aid onsite, along with safety checks and emergency support.
- Absenteeism is relatively low and is monitored and managed to ensure optimal productivity.
- A dramatic decrease in the number of disability claims is evident (57% since inception), reflecting 359 lives being saved, with a related fall in disability claims and associated costs.
- The Astral Health Link continued to deliver a solid return on investment, enhancing the health and wellness of employees while also managing the cost of providing a comprehensive range of health and wellness services.

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Value creation for employees

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

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

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

A number of unions are represented in the company with a total membership of approximately 45% of bargaining units. The company experienced no strike action during the year.

Unions are recognised at our different business units. We conduct collective bargaining on an annual basis and in most instances the outcome is to the satisfaction of both parties. Circulars and notice boards are used for basic communication with staff. Roadshows 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.

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 76% and 99% of employees are from the designated groups. We believe that no unfair discrimination exists in the workplace.

	Farming		Processing		Milling		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Number of fatalities	**–**	–	**1**	–	**1**	–	**2**	–
Number of first aid cases	**25**	19	**167**	334	**30**	13	**222**	366
Number of medical treatment cases	**24**	28	**37**	81	**9**	7	**70**	116
Number of disabling injuries	**84**	69	**183**	135	**27**	19	**294**	223
Number of recordable injuries	**133**	116	**388**	550	**67**	39	**588**	705
Injury frequency rate	**1,87**	1,67	**2,15**	1,79	**1,66**	0,98	**1,69**	1,08
Fatal Injury frequency rate	**–**	–	**0,04**	–	**0,02**	–	**0,02**	–
Total recordable injury frequency rate	**2,74**	2,31	**7,62**	8,48	**2,76**	2,28	**5,18**	5,96

REPORT BACK – CANCERVIVE 2015 RIDE

For the fifth year in a row, *Cancervive* took to the road from 10 – 20 September with their dynamic 2 500 km cancer awareness campaign. Once again, this survivor-driven organisation did an amazing job of spreading their message of hope and love whilst educating thousands along the way. The 2015 ride travelled through the provinces of Limpopo, Mpumalanga, North West and Gauteng visiting schools, mines, rural communities and hospitals.

En-route the days were filled with daily cancer education shows and important one-on-one interaction sessions at clinics, schools and hospitals.

This year alone, the *Cancervive* team reached out to educate and entertain over 12 500 people in their exceptional and vibrant way, incorporating elements of music and dance, and communicating their powerful message to audiences in over seven languages.

The focus of the 2015 ride was to initiate a conversation about cancer in our communities. A very successful social media campaign with the theme "Become part of the #CANCERVIVE conversation" was launched months before the ride and has generated more than R60 million in publicity in 2015 alone.

The success of the *Cancervive* campaign over the past five years has contributed to the significant growth of the PLWC organisation as a whole. This year the online support services, the toll fee helpline and the newly launched Pocket Cancer Support programme was introduced in the rural communities, resulting in greater interaction on all support platforms.

Special attention was given to addressing the communities in their own languages with speakers versed in Pedi, Zulu, Tswana, Sotho, Xitsonga and Venda. The educational message on the ride was "We will not be silent" focusing on the stigma around the disease and encouraging audiences to talk about it.

This year three recesses were completed before the ride with the generous support from Imperial Ford. This enabled our logistics team to prepare training sessions with the medical professionals sponsored by GVI Oncology along the route, ensuring a better understanding of the warning signs of cancer in general.

The main sponsors of the *Cancervive* 2015 ride were:

SPAR, Revlon, Triumph, Netcare, Imperial Ford, SABC Education and Raise your Hand with contributions between R350 000 – R1 000 000 in cash.

Other sponsors included – Meadow Feeds, Goldi Chicken, Cargill, Graffiti, GEO Paint, Ukuthela, Ziphi Nkomo 1, The Solutions Team, Europcar, KEU, Centriq, Metal Badge, Bose, Beyer Dynamic, Ubiquitech, SAGE HR & Payroll, The City Lodge Group, ATKV Vakansieoord Group, Forever Resort Group, Protea Hotel Group and Sun City.

Astral has made a big contribution in kind by donating a car, two computers and a printer as well as the sponsoring of the head office rental and expenses of the PLWC organisation in Cape Town.

Janie du Plessis
CEO – Cancervive

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TEEING OFF IN SUPPORT OF CANCER

The first annual Cancervive Golf Classic event arranged by South Africa's Astral Foods Limited in partnership with Cargill in South Africa was held at The Els Club Copperleaf in Centurion in March, and raised an impressive purse of more than R100 000 in aid of cancer-related causes.

This event is a further commitment in line with Astral's support of cancer charities as part of the group's corporate social investment (CSI) programme. Other such programmes include the CHOC COWS and CHOC Childhood Cancer Foundation SA.

"We are delighted to have been able to extend our reach to Cancervive as part of our overall CSI focus. In terms of the outcome of this CSI initiative, we are pleased that our targets have been exceeded thanks to the generosity of our customers and suppliers," said Chris Schutte, CEO of Astral Foods.

"Based on the success of this year's event, we are pleased to say that the Classic will be an annual tournament, and we hope to attract even more players as it becomes established on the South African golfing circuit, and so make even more of a difference to those living with cancer," he added.

Paul Rushton, Managing Director of Cargill SA, said the company is proud to be a co-sponsor of the Cancervive Classic. "As a key supplier to Astral, this tournament provides an opportunity for us to partner on important and life-affirming causes such as this, and it is a tangible way of showing our own support."

As part of the fundraising effort, prizes for the winners were awarded in the form of a cash donation to the cancer-related cause of the winners' choice. "In this way we felt it would be something all participants could contribute to and so be more meaningful for all involved," stated Andy Crocker, Managing Director of Meadow Feeds, a subsidiary of Astral Foods which organised the Classic.

He added that Meadow Feeds' donation of a specially-branded vehicle to Cancervive was part of this commitment. "This was generously augmented by Tom Terblanche, the CEO of Grain Carriers Group, who has committed to providing tyres for the vehicle for as long as it is used by Cancervive.

Wilrock Properties (Pty) Limited, Arysta LifeScience and Nedbank Capital, respectively first, second and third place winners of the tournament, chose to donate their winnings of R15 000, R10 000 and R5 000 each to Rainbows and Smiles, Centurion Hospice and Campaigning for Cancer.

All in all, 120 players, consisting of 30 four-balls, took part in this year's tournament, with various four-balls and individuals donating an additional R22 000 to Cancervive.

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"Cancervive is honoured to have been selected as the partner for the Classic by Astral and Cargill. The tournament presents us with a unique opportunity to raise awareness of not only our organisation and its work, but also of the importance of early detection of this disease which affects so many South Africans from all walks of life,"

said Janie du Plessis, CEO of Cancervive.

Wellness programme

Our first initiative was to focus on HIV/Aids.

We recognise the implications of the pandemic on the family structure, the community and long-term issues of sustainability. The reality is that the prevalence of HIV/Aids among our workforce is currently estimated to be about 23,5%, the same as at the end of 2014. This figure was determined through a voluntary counselling and testing update.

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

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

Seventy-two percent of employees participated in the Wellness screening and 64% participated in voluntary counselling and testing.

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

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

The past financial year Astral spent R9,4 million on this programme.

Training

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

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

During the past year, 14 employees participated in the Advanced Management Programme (AMP) and 14 participants in the Middle Management Programme (MMP). Of these participants close to 50% were from the designated group.

Other training and development interventions that we focus on are:

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

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

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

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

Employee turnover and absenteeism

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.

The employee turnover for this year was close to 11% on average for the group. This included a voluntary retrenchment at our Festive operation. Traditionally the Western Cape has a large turnover of staff.

The absenteeism rate reduced from 1,78% (2010/11) to 1,26% (2014/15) which equates to a saving of R4,3 million per annum.

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	2015	2014
Number of calls received	**38**	64
Number of reports generated	**24**	26
Number of reports investigated	**23**	26
Number of convictions	**4**	4

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

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

Alleged offence	Number
Theft	2
Human Resources	12
Fraud	2
Conflict of interest	–
Unethical behaviour	–
Customer complaints	8

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

WORKPLACE IMPROVEMENT PROGRAMME

During 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 workplace to work faster, better and cheaper. All employees at the various workplaces participate as teams to improve productivity and efficiencies through focus on quality, cost, customer service, safety and morale. We can claim that we have made the best progress in South Africa with the implementation of the 20 Keys Programme.

The most noteworthy achievement the past year is the Welbedacht rearing and laying farm at Goldi (the largest in South Africa) achieving and being awarded the international excellence award.

5. Stakeholders

Issues:

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

Stakeholder engagement

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

FORTY SEVEN YEARS' SERVICE WITH ASTRAL

Nick Jooste was born on 25 December 1949. He joined the company on 28 April 1968 as a despatch clerk for Delmas Milling Co. (Nutrition department) and was appointed as assistant factory manager in 1974. Nick was then appointed as production manager in 1985 and in 1986 he attended training at Buhler Brothers in Switzerland.

In February 1996 Nick was promoted to logistics manager for the northern region, responsible for production and transport planning for Meadow Delmas, Randfontein and Welkom. Nick was then appointed as factory manager for Randfontein in 2000, and in October of the same year became key accounts manager for the northern region, and in 2003 regional sales manager.

On 1 June 2007 Nick was appointed as Poultry key accounts manager for the central region, his current position.

Nick must be one of the fittest people in Astral, cycling daily from 04:00 and competing regularly in cycling races as a member of the Harmony club. He has received numerous awards as "best veteran, later as "master" and has also received "The best cyclist of the year award" a number of times. He has taken part in the Argus 11 times (completing 10) and remembers, in particular, the time his chain broke 11 kilometres from the start, which resulted in him running back with his bicycle to the starting point.

We wish to thank Nick for the past 47 years he has spent ensuring the continued success of Astral and we can only hope for quite a few more years of his expertise!

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

Stakeholders	Communication
Shareholders and other providers of capital	Website SENS announcements Trading updates Bi-annual results announcements Integrated annual report Investor relations Face-to-face meetings Site visits
Customers	Face-to-face meetings Regular discussions Advertising through local media
Local communities	Projects which form part of corporate social investment
Industry	South African Poultry Association Consumer Foods Council of South Africa South African Agricultural Processors Association Animal Feed Manufacturers Association
Staff and unions	Confidential hotline through "Tip-offs Anonymous" Bi-annual roadshows 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 Website

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

Presentations are made by the chief executive officer to employees twice annually on the group's financial performance and future plans.

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

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

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

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

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.

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. The Consumer Goods Council of South Africa in recent years founded the Food Safety Institute, to which we subscribe. Reviews of various statute requirements and industry legislation have been implemented to better control product quality and food safety.

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

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

Bird welfare

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

Genetics and nutrition

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

Health and product safety

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

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

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

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

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

Customers

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

Suppliers

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

Preferential procurement

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

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

Contract growers

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

Contract growers are regarded as enterprise development on the B-BBEE scorecard and an amount of R21,4 million has been spent in this regard.

Contract growers	2015	2014
Total number of contract growers	**82**	74
Number of B-BBEE contract growers	**12**	12

Packaging and ingredient suppliers

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

Research and development

Astral has a supply agreement in place with Aviagen Limited, a United Kingdom-based group for the supply of poultry breeding stock. Aviagen has the leading poultry breeding programme with an investment of over 10% of gross revenue in research and development annually. This investment is focused on gaining continuous product improvement and in delivering the genetic potential of the Ross 308 to our customers. The United States and United Kingdom facilities have introduced a number of "industry firsts" from the application of new technologies, advanced selection techniques and data analysis which have improved selection accuracy and genetic improvement. Aviagen has an established tradition of providing customers with the products and services to meet their current and future business needs. The product development programme is primarily focusing on adding performance improvements that are designed, with the support of several regional technical service teams, to maximise value to the customer. Data from the field suggests an improvement of 2 points in feed conversion and 0,2% increase in eviscerated yield is available to customers annually. To achieve this goal, Aviagen works closely with Astral's Ross Poultry Breeders division to identify the specific customer needs in the market. The constant improvement, the meticulous evaluation and the development of new products will enable Aviagen to remain at the forefront of the global poultry industry and together with Astral's Ross Poultry Breeders division, the supplier of choice for South Africa.

Membership of industry organisations

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

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

Employees

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

Presentations are made by the chief executive officer to employees twice annually on the group's financial performance and future plans.

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

MOUNTAIN VALLEY EMPLOYEES

The new staff accommodation for the Mountain Valley employees who were previously residing on the factory premises in unsatisfactory conditions when Astral acquired the business in 2011, is finally complete!

The 180 person accommodation is built on the Green Horizon farm which nestles amongst the cultivated landscapes of the Tala Valley at the foothills of the Ingomankulu mountain (loosely translated as "The Big Song").

The employees took occupation of the new buildings during October 2015. Mountain Valley management are pleased that the employees have welcomed the improvement in their living standards with warm water, electricity and security services being provided. The freshly painted buildings have been finished off with bright red doors and cheerful curtains in each room, creating a homely atmosphere.

The facility has a large communal eating area inside as well as an enclosed braai area outside – this is sure to be well used when the work collegues gather in the evenings to enjoy their meals together and recount the events of their working day.

Great South African Chicken Every Day! Mountain Valley

The 180 person accommodation is built on the Green Horizon farm.

Regulators and compliance

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

Poultry

	HACCP	Retail	Halaal	Export	Other	FSSC 22000
Festive	SANS 10330	FSA A-rating	MJC status	Approved	Q Pro	Certified
Goldi	SANS 10330	FSA A-rating	MJC status	Approved		Certified
Goldi Further Processing	SANS 10330	FSA A-rating	MJC status	Approved		Certified
Mountain Valley	SANS 10330	FSA B-rating	SANHA status		Q Pro	
County Fair – Hocroft	SANS 10330	FSA B-rating	MJC status	Approved	Q Pro SAI Global – B rating	
County Fair – Epping	SANS 10330	FSA B-rating	MJC status		Q Pro	

HACCP – Hazard Analysis and Critical Control Point Systems.
GMP – Good Manufacturing Practices.
SANS 10330 – Requirements for the development, implementation and maintenance of an HACCP system as a preventative system to enhance the safety of food.
FSA – Food Safety Management System.
MJC – Muslim Judicial Council certified.
SANHA – South African National Halaal Authority certified.
Q Pro – Food Safety and Quality Audit certification.
SAI Global – Food Safety Assurance certification.
FSSC – Certification Scheme for Food Safety Systems including ISO 22000; ISO/TS 22002-1: 2009 and additional FSSC 22000 requirements.

Feed

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

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

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

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

Community

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

Corporate social investment

The Wellness Programme is an initiative in corporate social investment ("CSI") and benefits not only our employees but extends into the broader community.

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

	2015 Rand	2014 Rand
Education	**720 000**	269 000
Skills development, including adult basic education	**190 000**[1]	4 000 000
Health, including HIV/Aids	**9 400 000**	5 700 000
Basic needs and social development, including nutrition and/or feeding schemes	**809 000**	300 000
Enterprise development	**35 218 330**	21 366 000
Infrastructure development		
Other	**150 000**	204 900
Total	**48 197 330**	31 839 900

Note 1 An amount of R4,1 million for learnership programmes is not included in the figure as Astral will recover a large portion of the expense through tax incentives.

BEKKER HIGH SCHOOL

The Astral involvement with Bekker High School was started when the funds from the Gauteng Department of Education were withdrawn. They wanted to keep the farm on the school grounds running and to encourage the learners to get involved in farming, which would hopefully lead to a career in agriculture. Money was raised by Meadow Feeds, together with several of their key suppliers and other interested parties, to repair and build the facilities on the farm. Through a partnership with Topigs, the piggery was restored and pigs were donated to the school. They presently have 16 sows and two boars, with six of the sows in the maternity pens. The pig feed is provided by Meadow Feeds at cost to the facility.

A state of the art broiler facility was sponsored by Festive and their suppliers. Festive housed 3 000 chicks on 8 October 2015, which was the 7th cycle this year. Bekker School currently has 2 500 layers in the facilities on the farm, which provide approximately 70 trays of eggs per week. They have a contract with the local Wimpy fast food outlet to purchase their eggs. All the poultry feed required is also currently supplied by Meadow Feeds at cost.

More than just feed

CONTRACT GROWING: AN ENTERPRISE-BUILDING INITIATIVE

The production of broilers and broiler feed is highly scientific in nature and remains one of the core competencies of Astral Foods.

Outsourcing its broiler-growing operations to independent entrepreneurs, enables Astral to focus on the specialised and capital-intensive elements of day-old chick production, feed manufacturing, processing and marketing.

In the process, it not only frees itself from having to invest in and manage a number of broiler-growing units, but it also affords independent entrepreneurs, including a growing number of black farmers, the opportunity to venture into this market segment.

While Astral supplies the key raw materials, scientific and technical know-how, the contract grower provides adequate housing, infrastructure, equipment and labour. He takes proper care of the broilers from day-old until they are market-ready at 33 to 34 days.

A new concept

The concept of contract growers was introduced to South Africa in 1980 already and it is based on a similar model used in Europe and the United States. Goldi and Festive, the two Astral- Foods-owned broiler production units with their processing plants, are situated in Standerton, Mpumalanga and in Olifantsfontein, Gauteng respectively.

Astral invests in and owns a genetic material breeding supply chain in the form of grandparents, parents and day-old chicks. It also consists of facilities producing fertile eggs and day-old broiler chicks, while the contract growers bring the day-old chicks to a market-ready weight in about 33 to 34 days.

Highly efficient Ross 308 day-old chicks are one of the critical and scarce raw materials in a successful broiler production system.

The other main raw material required for successful broiler production is animal feed, and Astral makes substantial investments in the science and technology of animal feed production.

Astral has further invested in the construction of a number of large high throughput processing plants, where broilers are slaughtered humanely.

Through the implementation of the latest technology, the carcasses are further processed into a number of highly nutritious and wholesome products for the retail, wholesale and Quick Service Restaurant (QSR) markets. These products are marketed under the well-known brand names of Goldi, Festive, County Fair (Western Cape) and Mountain Valley (KwaZulu-Natal).

Benefits of contract growing

Contract growing, as a model, has distinct benefits for both Astral and the contract growers. On the one hand, Astral does not have to invest in capital-intensive broiler farms, but can rather focus its investments on research and development, new technology and improving the efficiency of its feed manufacturing, broiler production, meat processing and product development.

Furthermore, the company is able to expand production, but at the same time contain overhead cost more effectively through growth volume created by contract growers.

The contract grower, on the other hand, has the opportunity to develop his own enterprise, backed by access to the technology, raw materials and markets that would otherwise have been exceedingly difficult for him to access on his own.

At the same time, the contract grower shares in the research and development of feed manufacturing as well as in the improvements and advances in broiler production.

The fact that the growers are able to harvest seven or eight chicken crops per annum creates the opportunity for them to generate essential cash flow, and enables them to spread the risk of their existing farming enterprise over a wider range of activities.

The inherent risk of broiler production – that of disease – is spread over a larger area, benefiting all participants.

Over and above securing growing contracts with established commercial farmers, Astral has specifically engaged in sourcing black farmers with the ambition of becoming contract growers in their own right. Despite government's commitment to aid emerging black farmers, obtaining the necessary finance proved to be challenging. As a result, a number of successful white contract growers have entered into partnerships with black partners – in certain cases their own employees.

Improved production

Astral produces close to five million broilers per week in total, of which business units Goldi and Festive produce 3,13 million, Country Fair 1,61 million and Mountain Valley 178 000. Of these, 2,5 million, or 76%, broilers are produced per week by contract growers. In total, Astral has 82 contract growers, of which 18 are black contractors. Of these, 12 are entirely black owned, while the remaining six are empowerment initiatives with a white-black partnership.

In order for Astral to stay in touch with the demands and challenges of broiler rearing, it is essential to maintain their own broiler-production units. This enables the company to use these units as a benchmark for aspects such as fair remuneration and realistic performance expectations.

Astral remunerates their contract growers based on three principles. The first is remuneration for reasonable production costs, the next is a margin element that covers the management fee as well as capital investment. Thirdly, there is a production-driven fee that awards excellence. Here production efficiency is key.

At the same time, the contract grower shares in the research and development of feed manufacturing

In the broiler industry, production efficiency is of cardinal importance. This is the single factor that determines success, and most certainly Astral's success. Raw material costs are continually rising, while market margins are declining. The two factors that determine profit margins in a broiler unit are mortalities and feed conversion. Fewer mortalities – coupled with optimum growth from the least amount of feed – in other words, are the name of the game.

Working partnerships

In a broiler-growing unit, the relationship between science and stockmanship becomes wholly intertwined. Where Astral has to provide the most effective genetic material and feed, the contract grower has to provide the environment in which these two elements can reach their full potential.

For the company, it is of cardinal importance that the chicken carrying trademarks of Astral's various business units is of top quality. This is why it is essential that all their contract growers are successful. This is also why there is a highly skilled technical team to support the contract growers every step of the way in the field.

This is precisely the reason why their success rate with contract growers is so high, and why their black contract growers are thriving. They operate in a supportive environment where expert advice is at their fingertips. There is always risk involved for a contract grower as the chicken business is risky, but the support structures provided by Astral minimise risk significantly.

Optimal environment

There is no doubt that contract growing offers an optimal environment in which Astral can fulfil its aim to produce a high-quality, nutritious and wholesome chicken product, while at the same time can provide an opportunity for willing entrepreneurs to develop their own enterprises, either in order to diversify their existing businesses or as new entrants to the agricultural sector.

Since the 1990s, neither Festive nor Goldi have built any new broiler production units. This investment is left to the contract growers. Astral's aim is to ensure their processing plants are equipped with the best technology and that they have the best genetics available to provide their contract growers with the best quality day-old chicks. This relationship spreads the risks on both sides and has a built-in empowerment aspect, offering huge advantages in terms of agricultural sector reform.

6. Environment

Issues:

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

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

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

Key findings for Scope 1 and 2 emissions:

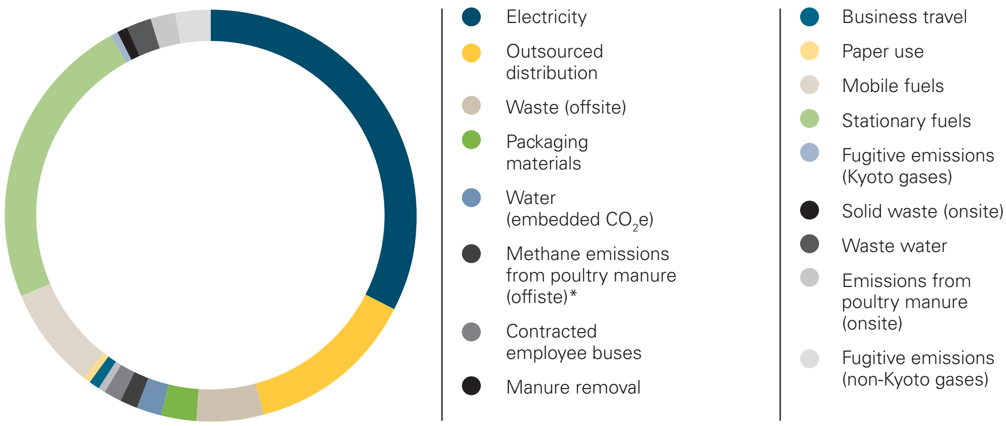
- Scope 1 emissions accounted for 141 684 tonnes CO_2e, or 28% of total measured emissions. Stationary and mobile fuels were the major contributors.
- Coal and LPG were identified as the major CO_2e contributors to stationary fuels.
- Diesel was identified as the major CO_2e contributor to mobile fuels.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

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

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

ASTRAL TOTAL EMISSIONS BY SOURCE
(Oct 09 to Sept 10):

Total: 508 783.36 tonnes CO_2e



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

2.3.1 Scope 1 emissions – Coal

2.3.2 Scope 1 emissions – LPG

2.3.3 Scope 1 emissions – Diesel

2.3.4 Scope 2 emissions – Electricity

2.3.5 Significant environmental aspects – Carbon Emissions for F2015

The significant environmental aspects carbon emissions for F2014/F2015 are at 471 517 tonnes CO_2e. Electricity accounts for 64% of the significant environmental aspects carbon emissions, followed by coal at 30%.

Objective and targets

Objective
To reduce carbon emissions on significant environmental aspects through the implementation of innovative sustainable solutions in the medium to long term.

Targets
Significant environmental aspects carbon emissions reduction target for F2015/F2016:

No	Significant environmental aspects	F2015/F2016 – Carbon Emissions Savings Target (tCO_2e)
1	Electricity	6 552
2	LPG	–
3	Diesel	18
4	Coal	173
Total		**6 743**

Plans are in place to investigate reducing LPG consumption through the use of energy efficient equipment in F2015/F2016.

The following targets are also set for F2015/F2016:

No	Environmental aspects	UOM	Savings Target (F2015/2016)
1	Packaging material recycled	Tons	408
2	Water – conservation and efficiency improvements	kl	63 408
3	Water recycled	kl	160 258

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

The group purchasing and sustainability manager assists business units to find innovative sustainable solutions towards meeting targets.

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

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

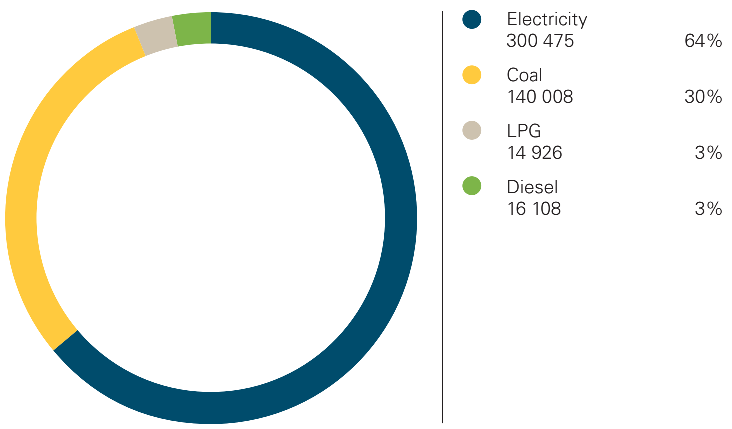
Included in the annual environmental sustainability report is a report back on environmental targets.

Responsibilities
The chief operating officer is responsible for environmental sustainability at each business unit.

The financial manager is responsible for the reporting of sustainability data on RS2, an internal accounting reporting programme.

SIGNIFICANT ENVIRONMENTAL ASPECTS CARBON EMISSIONS – F2015

Percentage



Sustainability data

Environmental aspects	2015 – Actual	2016 – Target	Change
Stationary fuels			
Coal (GJ)	**1 389 388**	1 415 544	26 156
Coal saved due to conservation and efficiency improvements (GJ)	**260**	1 924	1 664
LPG (GJ)	**231 917**	231 217	(700)
LPG saved due to conservation and efficiency improvements (GJ)	**509**	–	(509)
Mobile fuels			
Diesel (GJ)	**219 666**	201 098	(18 568)
Biofuel (GJ)			
Diesel saved due to conservation and efficiency improvements (GJ)	**–**	219	219
Energy			
Electricity (GJ)	**1 088 237**	1 110 355	22 118
Energy saved due to conservation and efficiency improvements (GJ)	**28 422**	23 587	(4 835)
Water			
Water consumption (kl)	**6 168 843**	6 525 162	356 319
From boreholes (kl)	**1 114 818**	1 276 859	162 041
From municipal sources (kl)	**5 054 025**	5 248 303	194 278
Water saved due to conservation and efficiency improvements(kl)	**64 644**	63 408	1 236
Recycled water (kl)	**157 571**	160 258	2 687
Recycled water as a percentage of total water (%)	**3**	2	(1)
Materials			
Packaging material (tons)	**14 854**	15 387	533
Recycled – Packaging material recycled (tons)	**374**	408	34
Effluents and waste			
Waste to landfill (tons)	**18 754**	18 612	(142)
Hazardous waste disposed (tons)	**80**	80	–
Water discharged (kl)	**3 058 306**	3 264 780	206 474
Litter (m^3)	**462 111**	475 471	13 360
Number of significant spills	**–**	–	–
Recycled – Litter (m^3)	**461 032**	474 642	13 610
Recycled waste as a percentage of total waste (%)	**96**	96	–
Other			
Number of environmental non-compliance prosecution and fines	**–**	–	–

Action plans

Significant environmental aspects

Energy Management Systems (EnMS)

In F2014/F2015, a decision was taken by the CEO of Astral, Mr CE Schutte to participate in an energy efficiency programme. Astral entered into an agreement with the National Cleaner Production Centre South Africa (NCPC-SA) after investigating suitable options.

Project objective

The NCPC-SA will appoint external energy management consultants to assist key business units at each region to implement energy management systems. The goal is to integrate energy management systems into the daily management process. Business units will be required to formulate an energy policy, aligned to its economic and environmental sustainability goals.

Energy champions at each business unit were appointed to work with each other on a regional and national basis to achieve the same objective as above.

Astral energy management team

The group purchasing and sustainability manager will work with the energy champions on a national basis to assist with the implementation of energy management systems at business units. In July 2015, representatives from business units went on an energy management systems implementation training course, hosted by the NCPC-SA. Below are the appointed energy champions at each business unit, grouped regionally.

BUHLE FARMERS ACADEMY
DELMAS

The Buhle Farmers Academy runs several programmes to assist new and emerging farmers establish themselves in viable farming businesses through training and support. Meadow Feeds Delmas is sponsoring the feed for the current farmers training project, which is focusing on broiler production. Shortly, the farmers will visit the Delmas mill facility as part of their training. This value of the current sponsorship is R48 000 for this cycle.

More than just feed

Astral Energy Management Team

No	Name of business unit	Energy Management System Implementation Training	Name of energy champion	Regional group teams
1	Mountain Valley		Keith Elleker	Group A
2	National Chicks	√	Dave Cummings	Group A
3	Meadow Feeds Pietermaritzburg	√	Malcolm Pickard	Group A
4	Goldi	√	Allen Duncan	Group B
5	Meadow Feeds Standerton		Boysie Naidoo/Wolfgang Stuckler	Group B
6	Meadow Feeds Delmas		Phillip Henry	Group C
7	Meadow Feeds Randfontein	√	Koos Meintjies	Group C
8	Central Analytical Laboratories		Jacky Felix	Group C
9	Ross Poultry Breeders		Dave Kraitzick	Group C
10	Festive	√	Albie Muller	Group C
11	Meadow Feeds Port Elizabeth	√	Ernest Swanepoel	Group D
12	Meadow Feeds Paarl	√	Tiaan Aurent/Cobus Buckle	Group D
13	Meadow Feeds Ladismith		Jonny Grundling	Group D
14	County Fair	√	Neels van der Merwe	Group D

Project plan

Commitment

Team commitment is crucial to implementing a successful energy management system at Astral.

Each business unit will establish an energy management team incorporating upper and lower management.

Roles and responsibilities will be assigned to team members.

The team will define the scope and boundaries of the project.

Significant energy users

The energy management team will identify the significant energy users (SEUs) at business units.

The energy management team will determine whether meters need to be installed to measure energy.

The driver of the significant energy users need to be determined and energy performance indicators (EnPIs) need to be established.

Personnel affecting the use of significant energy users (SEUs) need to be identified.

The energy management team will then investigate and identify improvement opportunities.

Implementation and operation

The energy management team will ensure energy management systems are integrated into the daily management process.

The energy management team will evaluate and take decisions on changes required.

The team will ensure personnel working on significant energy users are competent and provide the necessary training if required.

Procedures will govern the control of operating and maintaining significant energy users.

The energy management team will ensure procurement processes are aligned to the energy management strategy at business units.

The energy management team will be responsible to monitor and check operations, records, action plans and environmental performance indicators (EnPIs).

The energy management team will track energy savings and performance improvement.

Management review

The energy management team will be responsible to demonstrate to top management, the performance of the energy management system.

Highlight to top management, problematic areas and barriers for improvement.

Build continuous support for the energy management system.

The energy management team will be responsible to propose and agree plans with top management for the next period.

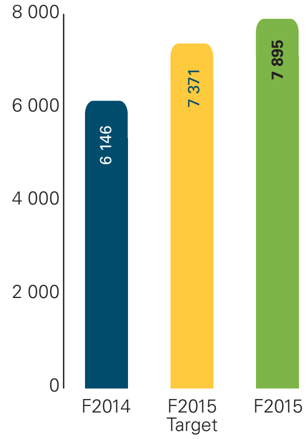
Energy Management Systems Implementation – Action Plan

In September 2015, the energy management systems strategic plan was presented by the group purchasing and sustainability manager to the energy champions.

In November 2015, the appointed external energy consultants will commence with the implementation of energy management systems at County Fair (Western Cape) and Meadow Pietermaritzburg (KZN). The NCPC-SA is in the process of appointing an external energy consultant for Goldi (Mpumalanga), shortly thereafter implementation will commence.

Electricity savings analysis

ELECTRICITY SAVINGS ANALYSIS – kWh ('000)



Electricity saved in F2014/2015 is at 7 895 kWh'000 versus the F2015 target of 7 371 kWh'000 and prior year of 6 146 kWh'000, an increase of 28% in comparison to prior year. The economy of scale benefit of increasing capacity at County Fair and Goldi in F2014/F2015 resulted in an improvement of electricity utilisation. County Fair and Goldi's energy performance indicators (EnPIs) clearly reflect this improvement. Electricity saved in F2014/F2015 was also due to energy conservation and efficiency improvements, such as the installation of energy efficient lighting, energy efficient equipment etc.

COAL USAGE REDUCTION – TRIAL PROJECT AT MOUNTAIN VALLEY

In September 2015, Mountain Valley agreed to embark on a trial project with Sasol to investigate replacing coal with liquid petroleum gas (LPG) at the abattoir. According to Sasol, using energy efficient equipment in the process can lead to LPG being more cost-effective than coal.

The trial is expected to commence in November 2015 and will be in operation for a month.

Great South African Chicken Every Day! Mountain Valley

Electricity saved in F2014/2015 is at 7 895 kWh'000 versus the F2015 target of 7 371 kWh'000 and prior year of 6 146 kWh'000.

DIESEL USAGE REDUCTION AT MEADOW FEEDS PAARL

In F2014/2015, Meadow Feeds Paarl teamed up with AGS Solar and installed three solar water heaters at the staff facility with an expected diesel reduction of 300 to 500 litres per month. Investigations are also in progress with AGS Solar at County Fair to reduce coal usage via the use of thermal solar.

MEADOW More than just feed

Resource Efficiency and Cleaner Production (RECP) project feedback

Below is the Resource Efficiency and Cleaner Production (RECP) progress report embarked with the National Cleaner Production Centre South Africa (NCPC-SA) in F2013/F2014.

Astral/NCPC – Sustainability project status summary

No	Division	Name of business unit	Resource – opportunity identified
NC001	Poultry	National Chicks – Hatchery (KZN)	Waste heat recovery from compressor
NC002			Solar energy for water
NC003			Power factor correction
NC004			VSD on air compressor
NC005			Fixing compressed air leaks
MV001	Poultry	Mountain Valley	Replace geysers/water heater with heat pumps
MV002			Pumps efficiency improvement
MV003			VSD on air compressor
MV004			Electronic condensate drain trap
MV005			Variable head pressure on condenser
MP001	Feed	Meadow Feeds Pietermaritzburg	Improve boiler efficiency
MP002			Resizing of fans
MP003			VSD on palleting fans
MP004			Stopping compressed air leaks
MP005			Stopping steam leaks

Projected cost savings (R/Year)	Projected annual resources savings	Date implemented	Comments
R43 560	4 150 litres of paraffin		To investigate further in F2015/F2016
R9 250	7 650 kWh	Done	Implemented –F2014/2015
R59 100	636 kVA of maximum demand		Investigation complete – capex application – F2015/2016
R21 000	17 400 kWh		To investigate further in F2015/F2016
R18 300	15 100 kWh	Done	Implemented – F2014/2015
R59 500	Coal – 109 tons, 116 000 kWh		Investigation in progress – reduce coal using LPG
R30 950	46 400 kWh		To investigate further in F2015/F2016
R14 750	22 100 kWh	Nov 2014	Implemented – Nov 2014
R1 500	2 250 kWh	Oct 2014	Implemented – Oct 2014
R128 000	192 000 kWh	Jul 2014	Implemented – Jul 2014
R416 850	397 tons of coal		Capital expenditure budget unapproved – to be reconsidered in F2016/F2017
R57 700	65 500 kWh		First phase of project complete, second phase to be completed F2015/F2016
R206 700	1 045 tons of steam	Jun 2015	Implemented – Jun 2015
R10 940	12 428 kWh	Aug 2014	Repaired leaks in Aug 2014 – ongoing challenge
R67 250	340 tons of steam	Aug 2014	Repaired leaks in Aug 2014 – ongoing challenge

ALTERNATE ENERGY SOLUTIONS

Solar power through the use of solar panels and waste to energy solutions was investigated in F2014/F2015 in an attempt to reduce electricity usage from Eskom. In November 2014, Biowaste Technologies conducted pre-commission tests on a waste to energy plant, built for Country Meats in Kroonstad. Since Biowaste Technologies is working with Festive on a waste to energy solution, Festive was given an opportunity to test its waste streams through the plant. Representatives from Goldi, Festive and Astral were present when Festive's waste streams were successfully processed through the plant. In June 2015, representatives from Goldi, Festive, Meadow Feeds Randfontein and Astral visited Country Meats in Kroonstad to view the waste to the energy plant in operation. Subsequently, Biowaste Technologies commenced working with Goldi and Meadow Feeds Randfontein. Proposals were submitted to Festive by Biowaste Technologies and Festive is in the final process of obtaining approval from senior authorities to implement the project.

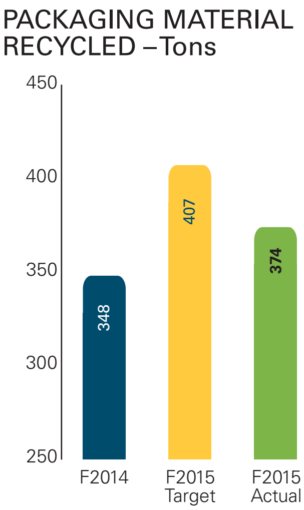
festive Great South African Chicken Everyday

Tender 'n Tasty GOLDI Chicken Great South African Chicken Every Day!

MEADOW More than just feed

Recycling of waste

Waste recycling



Packaging material recycled in F2015 is at 374 tons versus the F2015 target of 407 tons and prior year of 348 tons, an increase of 7,5% in comparison to prior year. In F2014/F2015, Mountain Valley similar to Meadow Feeds Pietermaritzburg in F2013/F2014, partnered with Ellis Waste Paper CC to collect waste packaging material for recycling purposes. The waste sorted by Ellis Waste Paper CC is baled and supplied to various recyclers such as Mpact, Transpaco and Nampak.

WASTE WATER TREATMENT

Field Trip – County Fair's waste water system

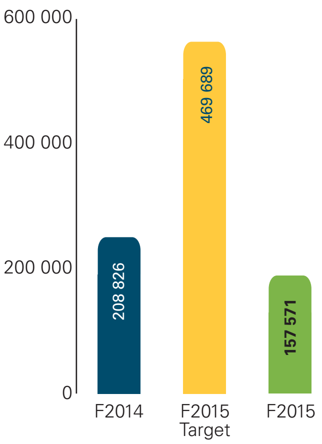
In September 2015, attendees of the consumer goods sector environmental sustainability workshop, embarked on a field trip to County Fair's biological waste water treatment system at the primary processing plant, situated near Fisantekraal in Western Cape. The purpose of the visit was to showcase County Fair's environmentally friendly approach of treating waste water from the plant back into the environment. Astral is committed to working with stakeholders in the consumer goods sector to drive environmental sustainability up and down the value chain.

County Fair
Great South African Chicken Every Day!

Left to right: Tom Mclaughlin (Woolworths), Henrick Arendse (Mpact Versapak), Dr Len Dekker (Dekker Envirotech), Werner Rall (Mpact Versapak), Ulli Gerntholtz (NSF), Jaco Venter (Conservation International), Sarah Frazee (Conservation SA), Roan Snyman (Pick n Pay), Nadia Sanetra (Distell), Gerrit Visser (County Fair), Johan Nel (CEM), Siglinda Losch (Clicks Group), Mathys Potgieter (County Fair), Jacques Le Grange (County Fair), Neels van der Merwe (County Fair)

Recycling of Water

WATER RECYCLED – (kℓ)



Water recycled in F2015 is at 157 571 kl versus the F2015 target of 469 689 kl and prior year of 208 826 kl. Due to the delay in the construction of the water treatment plant at Goldi, the water recycled target for F2014/F2015 was not achieved.

Procedures

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

Sustainable projects of a capital nature are approved by either the managing director of the feed or poultry division before submitted to the board for final approval.

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

At the end of the financial year, the group purchasing and sustainability manager consolidates the sustainability data and complies the annual environmental sustainability report for submission to the group company secretary and the chief financial officer of Astral.

ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS

Preparation and publication of the annual financial statements

The annual financial statements for the year ended 30 September 2015 were published on 17 December 2015. The annual financial statements were prepared by the Chief Financial Officer, Daan Ferreira, CA(SA).

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 2015 set out on pages 104 to 165 and the accounting policies, were approved by the board of directors on 11 November 2015 and signed on its behalf by:

CE Schutte
Chief executive officer

DD Ferreira
Chief financial officer

Pretoria
11 November 2015

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended, I certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act No. 71 of 2008, as amended, in respect of the year ended 30 September 2015, and that all such returns are true, correct and up to date.

MA Eloff
Group company secretary

11 November 2015

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 104 to 165 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies Act of South Africa, the JSE Listings Requirements and include amounts based on judgements and estimates made by management.

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

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

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

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

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

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

Theuns Eloff
Chairman

Pretoria

11 November 2015

DIRECTORS' REPORT

The directors' report forms part of the audited financial statements of the company and the group for the year ended 30 September 2015.

1. Nature of business

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

2. Listing information

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

	2015 R'000	2014 R'000
Operating results		
Revenue	**11 265 962**	9 602 376
Operating profit	**1 100 484**	492 939
Net finance costs	**(10 178)**	(25 278)
Share of profit from associate	**3 288**	2 240
Profit before income tax	**1 093 594**	469 901
Tax expense	**(313 655)**	(128 835)
Profit for the year	**779 939**	341 066
Attributable to:		
Equity holders of the company	**778 126**	337 518
Non-controlling interest	**1 813**	3 548
Profit for the year	**779 939**	341 066
Financial position		
Non-current assets	**2 233 413**	2 241 407
Current assets	**2 580 391**	2 133 628
Total assets	**4 813 804**	4 375 035
Total equity	**2 371 580**	1 944 840
Non-current liabilities	**616 396**	730 818
Current liabilities	**1 825 828**	1 699 377
Total equity and liabilities	**4 813 804**	4 375 035

Segment analysis

A segment analysis of the revenue, operating profit and liabilities is set out on page 115 of the annual financial statements.

5. Share capital

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

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

No shares were acquired in terms of share purchases (2014: nil).

In terms of the group's share incentive scheme, 38 600 (2014: 573 800) options were exercised.

The company's issued share capital increased to 42 761 285 shares.

The company's unissued share capital is 32 238 715 shares.

6. Subsidiaries and joint ventures

Details of the subsidiaries of Astral Foods Limited are set out in note 32 of the annual financial statements.

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

	2015 R'000	2014 R'000
Subsidiaries		
Total profits before income tax	**1 097 185**	471 971
Total profits after income tax	**784 475**	338 300
Total losses before income tax	**3 976**	1 774
Total losses after income tax	**3 786**	251

7. Dividends

The following ordinary dividends were declared:

	2015 R'000	2014 R'000
Interim dividend (No. 28) of 575 cents per share (2014: 200 cents per share)	**245 864**	84 298
Less: Dividends received on treasury shares held by a subsidiary	**(23 509)**	(8 177)
Final dividend (No. 29) of 575 cents per share (declared post year-end) (2014: 240 cents per share)	**245 877**	102 534
Less: Dividends receivable on treasury shares held by a subsidiary	**(23 509)**	(9 812)
Total dividend at 1 150 cents per share (2014: 440 cents per share)	**444 723**	168 843

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.

Details of property, vehicles, plant and equipment are set out in note 1 of the annual financial statements.

Assets of a Zambian subsidiary with a book value of R5 937 000 (2014: R42 764 000) are pledged as security for secured loans and borrowing facilities of R29 826 000 (2014: R26 080 000).

9. Directors

Director	Position	First appointed	Standing for re-election	Elected or re-elected at the last AGM
GD Arnold	Director: Business development	1 March 2012		
T Delport	Managing director: Poultry division	23 March 2009		
T Eloff	Independent non-executive director	8 May 2007		Yes
DD Ferreira	Chief financial officer	1 May 2009		
IS Fourie	Independent non-executive director	1 July 2010		
DJ Fouché	Independent non-executive	12 November 2015	Yes	
OM Lukhele	Group veterinary director	1 May 2009		
M Macdonald	Independent non-executive director	14 November 2003		Yes
TP Maumela	Independent non-executive director	1 July 2013	Yes	
CE Schutte	Chief executive officer	18 August 2005		
TM Shabangu	Independent non-executive director	1 July 2013	Yes	
N Tsengwa	Independent non-executive director	8 May 2007		

The names of the directors who currently hold office are set out on pages 44 and 45 of this report. In terms of Article 34.4.1 of the company's memorandum of incorporation, Mrs TP Maumela and Mrs TM Shabangu retire by rotation at the annual general meeting of shareholders and are eligible for re-election. No director holds more than 1% of the ordinary shares in the company. The directors beneficially and non-beneficially hold 183 500 (2014: 178 500) ordinary shares in the company – see directors' remuneration report on page 112 for details. Mr DJ Fouché will retire as director by rotation in terms of article 34.3 and is eligible for re-appointment.

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

Particulars of the company secretary and her business and postal address appear on the inside back cover of this report.

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

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

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

11. Directors' emoluments and compensation

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

12. Resolutions

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

13. Share incentive scheme

As at 30 September 2015, options in respect of 186 350 shares remained outstanding, being 0,4% 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 page 166 of the integrated annual report.

15. Repurchase of shares

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

16. Events subsequent to balance sheet date

A final divided of 575 cents per share has been declared on 11 November 2015. The payment of the divided will be on 25 January 2016. No other events took place between year-end and the date of this report that would have a material effect on the financial statements as disclosed.

17. Litigation

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

18. Date for authorisation for issue of financial statements

The financial statements have been authorised for issue by the board of directors on 11 November 2015. 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

The committee comprised four independent non-executive directors, namely Mr IS Fourie *(Chairman)*, Mr M Macdonald, Dr T Eloff and Mrs TM Shabangu. Dr T Eloff resigned on 11 November 2015.

Meetings

The committee met three times during the year. Attendance of these meetings is shown in the table set out on page 57 of this report.

Duties

In execution of its compliance duties, the committee:

- nominated the reappointment of PricewaterhouseCoopers Inc. as external auditors and Mr D von Hoesslin as the designated auditor, after satisfying itself through enquiry that PricewaterhouseCoopers Inc. are independent as defined in terms of the Act. This will be Mr D von Hoesslin's third year as designated auditor of the company;
- confirmed that PricewaterhouseCoopers Inc. and the designated auditor, Mr 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 on page 153 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, internal audit and external audit;
- reviewed significant issues raised by the external auditors in their reports; and
- reviewed policies and procedures for preventing and detecting fraud.

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

Legal and regulatory compliance

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

External audit

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

Audit fees: R5 103 365 (2014: R4 500 000)

Non-audit fees: R862 873 (2014: R252 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.

PricewaterhouseCoopers Inc. has been the external auditors of Astral Foods since listing in 2001. During 2013 a tender process was followed whereby three audit firms, including PricewaterhouseCoopers Inc., were interviewed and where they presented their services to the committee. The committee was of the opinion that the services offered by PricewaterhouseCoopers Inc. remained the most suitable for the company and PricewaterhouseCoopers Inc. was re-appointed as external auditors.

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.

In terms of the International Standards for the Professional Practice of Internal Auditing, an independent external quality assurance review was conducted during the year under review.

The independent assessor was of the opinion that the internal audit department generally conforms to the attribute standards, generally conforms to the Institute if internal auditors' code of ethics, partially conforms to the performance standards, identified areas where internal audit is performing exceptionally well, with no areas of non-compliance with the standards. A rating of partial conformance was issued by the independent assessor.

Corrective action plans have already been implemented to address the areas of partial compliance.

Financial function and chief financial officer review

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

Integrated report

We have evaluated the integrated report of Astral Foods Limited and the group for the year ended 30 September 2015 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

Stefan Fourie
Audit and Risk Management Committee Chairman

Pretoria
11 November 2015

INDEPENDENT AUDITOR'S 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 112 to 165, which comprise the statements of financial position as at 30 September 2015, 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 2015, 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 2015, we have read the Directors' Report, the Audit and Risk Management Committee's Report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: DB von Hoesslin
Registered Auditor

Menlyn
13 November 2015

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

for the year ended 30 September 2015

Directors' remuneration

	Salary	Retirement fund contributions	Travelling allowance and other payments	(Note 1) Long-term retention bonus	(Note 2) Annual incentive bonus	**Total**	Total
						2015	2014
	R'000	R'000	R'000	R'000	R'000	**R'000**	R'000
Executive directors							
For managerial services							
CE Schutte	**4 708**	**792**	**31**	**4 603**	**6 600**	**16 734**	9 033
T Delport	**2 716**	**457**	**35**	**2 955**	**3 807**	**9 970**	5 940
DD Ferreira	**3 060**	**515**	**17**	**2 955**	**4 290**	**10 837**	5 925
OM Lukhele	**1 728**	**291**	**41**	**1 534**	**2 423**	**6 017**	3 452
GD Arnold	**2 076**	**342**	**43**	**1 534**	**2 903**	**6 898**	3 699
	14 288	**2 397**	**167**	**13 581**	**20 023**	**50 456**	28 049
Non-executive directors' fees							
For services as directors							
T Eloff						**896**	566
M Macdonald						**348**	372
N Tsengwa#						**385**	363
IS Fourie						**445**	375
TM Shabangu						**307**	212*
T Maumela						**265**	212*
JJ Geldenhuys							406@
						2 646	2 506
Total paid to directors by the company and its subsidiaries						**53 102**	30 555

* *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	Retirement fund contributions	Travelling allowance and other payments	(Note 1) Long-term retention payments	(Note 2) Performance-based bonus	**Total**	Total
						2015	2014
	R'000	R'000	R'000	R'000	R'000	**R'000**	R'000
For managerial services							
R Steenkamp	1 907	321	30	2 686	1 337	**6 281**	4 215
LW Hansen	1 726	298	51	1 534	2 486	**6 095**	3 470
MA Eloff	1 168	196	37	403	1 364	**3 168**	1 973
AB Crocker	2 140	360	50	3 398	3 000	**8 948**	4 431
E Potgieter	1 336	225	38	933	1 873	**4 405**	
	8 277	1 400	206	8 954	10 060	**28 897**	14 089

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

Note 1

Long-term retention payments

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

In terms of the scheme, above-threshold production performance conditions (PEF) and earnings per share (EPS) growth must be achieved over a three-year period, however, 25% of the allocated amount is guaranteed. Allocated amounts vest at the end of the third year from the date of allocation. Refer to the remuneration report for more detail on the scheme.

The amounts listed above are in respect of allocations made in October 2012 and which have vested on 30 September 2015. The performance conditions were measured over three years ending 30 September 2015. Both performance conditions were achieved during the vesting period. Payment of the amounts will be made during January 2016.

Note 2

Annual incentive bonus

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

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

Share incentive scheme interests

Share option scheme

			Number of options	
Options outstanding	Grant date	Exercise price	**2015**	2014
T Delport	15 May 2009	R97.00	**5 200**	5 200
Dr OM Lukhele	15 May 2009	R97.00	**3 000**	3 000
			8 200	8 200

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

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

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

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

Options exercised during the year

	Average value per share on exercise date	Exercise price per share option	Number of options exercised	Benefit received 2015 R'000	Benefit received 2014 R'000
Directors					
CE Schutte					1 543
	R135.28	R122.00	33 600		446
	R148.76	R97.00	21 200		1 097
T Delport	R148.35	R88.49	40 000		2 394
DD Ferreira					1 317
	R135.28	R122.00	14 600		194
	R148.76	R97.00	21 700		1 123
Dr OM Lukhele					351
	R138.25	R122.00	11 200		182
	R138.25	R97.00	4 100		169
GD Arnold	R135.28	R122.00	15 500		206
					5 811
Prescribed officers					
R Steenkamp					1 024
	R135.00	R122.00	12 700		165
	R140.24	R97.31	20 000		859
LW Hansen	R136.78	R122.00	22 300		330
MA Eloff	R135.28	R122.00	10 500		139
AB Crocker	R137.00	R122.00	11 200		168
					1 661

Issued share capital interest

	Directly held number of Shares 2015	Directly held number of Shares 2014
Beneficial interests		
Non-executive directors		
T Eloff	**1 000**	1 000
Executive directors		
CE Schutte	**22 000**	20 000
DD Ferreira	**158 000**	155 000
GD Arnold	**2 500**	2 500
	183 500	178 500

SEGMENT REPORT – GROUP

for the year ended 30 September 2015

	2015 R'000	2014 R'000	2015 R'000	2014 R'000
	Revenue#		**Operating profit**	
Poultry	**8 739 488**	6 966 716	**661 002**	104 400
Feed	**6 235 955**	5 506 079	**422 885**	353 728
Other Africa	**493 508**	499 278	**16 597**	34 811
Sales between segments	**(4 202 989)**	(3 369 697)		
– to Poultry	**(3 996 814)**	(3 201 796)		
– to Feed	**(115 310)**	(71 473)		
– to Other Africa	**(90 865)**	(96 428)		
	11 265 962	9 602 376		
Profit before interest and tax			**1 100 484**	492 939
Finance income			**12 810**	651
Finance expense			**(22 988)**	(25 929)
Share of profit from associates			**3 288**	2 240
Profit before tax			**1 093 594**	469 901
Tax expense			**(313 655)**	(128 835)
Profit for the year			**779 939**	341 066

Refer to note 18 of the financial statements for the contributions from the top five customers and entity wide information.

	Total assets		**Total liabilities**	
Poultry	**3 376 553**	3 137 235	**1 882 581**	1 630 061
Feed	**1 683 422**	1 533 958	**821 385**	1 048 002
Other Africa	**211 539**	253 104	**96 880**	94 917
Corporate	**342 212**	150 309	**441 300**	356 786
Set-off of intra-group balances	**(799 922)**	(699 571)	**(799 922)**	(699 571)
	4 813 804	4 375 035	**2 442 224**	2 430 195

	Total non-current assets		**Depreciation, amortisation and impairment**	
Poultry	**1 668 063**	1 639 028	**113 823**	105 211
Feed	**433 990**	430 061	**28 980**	17 847
Other Africa	**102 520**	146 008	**10 288**	11 080
Corporate	**28 840**	26 310	**232**	354
	2 233 413	2 241 407	**153 323**	134 492

	Capital expenditure	
Poultry	**147 293**	286 329
Feed	**36 745**	98 732
Other Africa	**5 140**	19 020
Corporate	**191**	135
	189 369	404 216

ACCOUNTING POLICIES

for the year ended 30 September 2015

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 29 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 2015 year-end.

Narrow-scope amendments to IAS 36, 'Impairment of assets'

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Effective date: 1 January 2014

The group has complied with the amendment in the 2015 annual financial statements.

The impact of the amendment is not material.

Amendments to IAS 32, 'Financial instruments: Presentation'

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP

Effective date: 1 January 2014

The group has complied with the amendment in the 2015 annual financial statements.

The impact of the amendment is not material.

Annual improvements 2012 issued December 2013

Improvements to IFRSs was issued by the IASB as part of the annual improvements process resulting in the following amendments to standards issued and effective for the first time for 30 September 2015 year-end:

Amendment to IFRS 13, 'Fair value measurement'

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

Effective date: 1 July 2014

The group has complied with the amendment in the 2015 annual financial statements.

The impact of the amendment is not material.

Annual improvements 2013, issued December 2013

The IASB published the final standard for the 2011 – 2013 cycle of the annual improvements with amendments that affected certain standards issued and effective for the first time for 30 September 2015 year-end:

IFRS 1, 'First-time adoption of International Financial Reporting Standards'

The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.

Effective date: 1 July 2014

The group has complied with the amendment in the 2015 annual financial statements.

The impact of the amendment is not material.

IFRS 3, 'Business combinations'

The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

Effective date: 1 July 2014

The group has complied with the amendment in the 2015 annual financial statements.

The impact of the amendment is not material.

International Financial Reporting Standards and amendments issued but not effective for 30 September 2015 year-end.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets

The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely the amendment will have a material impact on the group annual financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely the amendment will have a material impact on the group annual financial statements.

Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely the amendment will have a material impact on the group annual financial statements.

2. New standards and interpretation (continued)

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation

In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely that the amendment will have a material impact on the group annual financial statements.

IFRS 15, 'Revenue from contracts with customers'

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

Effective date: 1 January 2018

The group expects to comply with the standard for the first time in the 2019 annual financial statements.

Management is still in the process of assessing the impact on the group financial statements.

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 2018.

The group expects to comply with the standard for the first time in the 2019 annual financial statements.

Management is still in the process of assessing the impact on the group financial statements.

IFRS 9, 'Financial instruments (2010)'

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

Effective date: 1 January 2018

The group expects to comply with the standard for the first time in the 2019 annual financial statements.

Management is still in the process of assessing the impact on the group financial statements.

Amendment to IFRS 9, 'Financial instruments', on general hedge accounting

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

Effective date: 1 January 2018

Management is still in the process of assessing the impact on the group financial statements.

Annual improvements 2014, issued September 2014

The September 2014, the IASB issued annual improvements to IFRSs 2012 to 2014 Cycle. The amendments are effective for annual periods beginning on or after 1 January 2016.

IFRS 7, 'Financial instruments: Disclosures'

Applicability of the offsetting disclosures to condensed interim financial statements

The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the board would expect the disclosures to be included in the entity's condensed interim financial report.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely the amendment will have a material impact on the group annual financial statements.

IAS 19, 'Employee benefits'

Discount rate: regional market issue – The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely the amendment will have a material impact on the group annual financial statements.

IAS 34, 'Interim financial reporting'

Disclosure of information 'elsewhere in the interim financial report'

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report)

The board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

Effective date: 1 January 2016

The group expects to comply with the amendment in the 2017 annual financial statements.

It is unlikely the amendment will have a material impact on the group annual financial statements.

3. Interest in group entities

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the 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 is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

3. Interest in group entities (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Associates

Associates are entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investment in associates are initially accounted for at cost and subsequently using the equity method of accounting whereby the carrying amount of the investment is increased or decreased to recognise the group's share of post-acquisition profit and losses in the associate.

Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

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 with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer who is responsible for allocating resources and assessing performance of the operating segments. The group has three operating segments, Poultry, Feed, and Other Africa representing the business interest in South Africa and outside South Africa. Business units are largely grouped in these segments based on the nature of their business and in the case of Other Africa the geographical area in which they conduct their business activities. Transactions between segments are conducted on similar reportable terms as other transactions of this nature.

5. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency'). The consolidated financial statements are presented in Rand, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

Foreign operations

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

(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 of feed mills, poultry processing facilities, poultry farms and offices.

Land is not depreciated and is stated at historical cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings – 50 years
- Plant and machinery – 8 to 25 years
- Equipment and motor vehicles – 5 to 10 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss under other gains/losses.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, taking into account technology developments and maintenance programmes. Uniform depreciation and amortisation rates are established based on the straight-line method which may not represent the actual usage of the assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

7. Government grants

Government grants received or receivable relating to assets are deducted from the carrying value of those assets. The grants are recognised in profit or loss over the life of the asset as a reduced depreciation expense.

8. Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised, using the straight-line method, over their estimated useful lives.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised, using the straight-line method, over their estimated useful lives (3 to 5 years).

9. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

10. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises all purchase costs of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) incurred in bringing the inventories to its present location and condition. Borrowing cost is excluded.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

11. Biological assets

Live broiler birds and hatching eggs are assessed based on fair values less estimated point-of-sale costs at appropriate reporting dates. Gains and losses arising from changes in the fair values are recorded in cost of sales for the period in which they arise. The determination of fair value is based on the sum of costs allocated to the broiler birds and hatching eggs plus a fair value adjustment representing the excess value over total costs. The fair value adjustment for live broiler birds is based on the bought-in price per live kilogram paid for broiler birds delivered by outside contract growers for processing through the abattoirs. The fair value adjustment for hatching eggs is based on the price at which hatching eggs are sold to the external market.

Breeding stock includes grandparent breeding and parent rearing and laying stock. The cost of breeding stock is capitalised during the initial phase of its life cycle and is thereafter amortised on a straight-line basis over its anticipated productive cycle, to an estimated net realisable value. The capitalised costs of breeding stock approximates its fair value.

All the expenses incurred in establishing and maintaining the assets is recognised in cost of sales. All costs incurred in acquiring biological assets are capitalised.

12. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

13. Financial assets

Financial assets are recognised when the group becomes a party to the contractual provisions of the instrument or secures other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset. Financial assets carried at reporting date include cash and bank balances, investments, loans, derivatives and receivables.

The group classifies its financial assets in the following categories:

- Loans and receivables
- Available-for-sale

The classifications depend on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

14. Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial assets or to exchange financial instruments with another on potentially unfavourable terms.

All the financial liabilities have been classified as: Other

Other

Other financial liabilities are recognised at fair value plus transaction costs. Subsequent measurement is at amortised cost with changes recognised in profit or loss.

15. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. No fair value adjustment is made for the effect of time value of money where trade receivables have a short-term profile.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables and thereby represent a risk of non-payment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or late payments are considered indicators that the trade receivable is impaired.

15. Trade receivables (continued)

Adjustments in the provision for impairments are recognised in the statement of comprehensive income under administrative expenses. When a trade receivable is uncollectible it is written off in the statement of comprehensive income or when previously written off amounts are recovered it is credited in the statement of comprehensive income, both within other gains/losses.

16. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

17. Trade payables

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

18. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

19. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly incremental costs, is deducted from equity attributable to the company's equity holders until the shares are re-issued or disposed of.

Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

20. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

21. Current and deferred tax

The charge for current tax is based on results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference will not reverse in the foreseeable future.

22. Derivative financial instruments

The group uses derivative financial instruments to manage its exposure to foreign exchange and commodity price risks arising from operational activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately under other income/expenses in the statement of comprehensive income.

Over-the-counter (OTC) contracts

The group enters into over-the-counter (OTC) forward purchases for the purchase of commodities for own use. These contracts are settled by taking physical delivery in the normal course of business and are therefore not regarded as financial instruments.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

23. Employee benefits

Pension obligations

The group operates defined contribution retirement schemes.

A defined contribution scheme is a pension plan under which the group pays fixed contributions into a separate entity. The group recognises the expense in profit and loss as an employee benefit expense.

The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-employment medical benefits

The group provides post-retirement healthcare benefits to some of its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to other comprehensive income. These obligations are valued every year, and the assumptions are reviewed annually, by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

23. Employee benefits (continued)

Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders. These profit sharing and bonus plans are approved annually by the Board.

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term retention bonus scheme

The group has a long-term retention bonus scheme for certain employees. In terms of the scheme, 25% of the allocated amount is guaranteed, and for certain employees, 75% is subject to specified performance conditions measured over a three-year period being met.

Once vested, amounts are paid at the end of the three year vesting period.

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

Share-based plans

The share option scheme which is equity settled, provides the right to purchase shares in the company at the exercise price. The contractual life of options granted is seven years. The options vest one third after each of the third, fourth and fifth year of date of granting the option. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market conditions. Non-market conditions are included in assumptions about the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to equity.

The grant by the group of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts

The fair value calculations are done by external consultants.

Long-service rewards

Employees receives a reward when a five-year uninterrupted period of employment is completed. A liability is recognised in respect of partial completed five-year periods.

24. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products; and collectability of the related receivables is reasonably assured.

Goods delivered to contract growers are not recognised as revenue to the extent that control over the goods is retained by the group.

The nature of goods sold recognised as revenue, are poultry related products sold as consumer goods, day-old chicks and animal feed products.

25. Dividend income

Dividend income is recognised when the right to receive payment is established.

26. 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.

27. 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.

28. 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.

29. Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are mainly the following;

Share-based payments

The fair value of share options granted are based on market conditions, discount rates, share price volatility and estimated future forfeitures. These values may changes from time to time and the eventual outcome may differ from the valuations.

Impairment of 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.

(Refer to note 3 of the Annual Financial Statements for assumptions used.)

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 post-employment medical 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 15 to the financial statements.

29. Critical accounting estimates and judgements (continued)

Biological assets

The fair value of biological assets is determined at each reporting period. The basis for determination of the fair value is set out in paragraph 11 of these accounting policies.

Long-service awards

The provision recognised for long-service awards is based on an attrition rate for employees expected not to complete the required periods of five years to qualify for the awards. The attrition rate is specific to the nature of the working environment and is based on past experience.

STATEMENTS OF FINANCIAL POSITION

at 30 September 2015

		Group		Company	
	Notes	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	1	**2 054 677**	2 059 143		
Intangible assets	2	**14 389**	18 601		
Goodwill	3	**136 135**	136 135		
Investment in associate	4	**25 468**	22 180	**1 620**	1 620
Investments	5	**2 744**	3 453	**233 795**	233 510
Deferred tax asset	14		1 895		
		2 233 413	2 241 407	**235 415**	235 130
Current assets					
Inventories	6	**702 340**	452 594		
Biological assets	7	**667 540**	644 590		
Trade and other receivables	8	**882 310**	893 024	**27**	
Current tax asset		**9 052**	12 889		3 313
Cash and cash equivalents	9	**319 149**	130 531	**25 870**	67 540
		2 580 391	2 133 628	**25 897**	70 853
Total assets		**4 813 804**	4 375 035	**261 312**	305 983
EQUITY					
Capital and reserves attributable to equity holders of the company					
Ordinary shares	10	**428**	427	**428**	427
Share premium	10	**71 929**	67 448	**71 929**	67 448
Other reserves	12	**(10 455)**	26 278	**18 870**	18 611
Treasury shares		**(204 435)**	(204 435)		
Retained earnings		**2 503 399**	2 039 954	**167 870**	217 384
		2 360 866	1 929 672	**259 097**	303 870
Non-controlling interest		**10 714**	15 168		
Total equity		**2 371 580**	1 944 840	**259 097**	303 870
LIABILITIES					
Non-current liabilities					
Borrowings	13	**34 501**	156 000		
Deferred tax liabilities	14	**420 192**	438 035		
Employee benefit obligations	15	**161 703**	136 783		
		616 396	730 818		
Current liabilities					
Trade and other payables	16	**1 480 309**	1 527 007	**333**	439
Current tax liabilities		**2 290**	22 409	**135**	
Borrowings	13	**341 482**	148 287		
Shareholders for dividend		**1 747**	1 674	**1 747**	1 674
		1 825 828	1 699 377	**2 215**	2 113
Total liabilities		**2 442 224**	2 430 195	**2 215**	2 113
Total equity and liabilities		**4 813 804**	4 375 035	**261 312**	305 983

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 September 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Revenue	18	**11 265 962**	9 602 376		
Cost of sales		**(8 747 521)**	(8 023 982)		
Gross profit		**2 518 441**	1 578 394		
Administrative expenses	19	**(653 157)**	(447 852)	**(3 064)**	(2 861)
Distribution costs	19	**(593 985)**	(527 782)		
Marketing expenditure	19	**(174 653)**	(134 773)		
Other income	22	**16 618**	27 203	**302 000**	198 570
Other losses	23	**(12 780)**	(2 251)		
Profit before interest and tax		**1 100 484**	492 939	**298 936**	195 709
Finance income	24	**12 810**	651	**161**	322
Finance expense	24	**(22 988)**	(25 929)		
Share of profit from associates		**3 288**	2 240		
Profit before tax		**1 093 594**	469 901	**299 097**	196 031
Tax (expense)/recovery	25	**(313 655)**	(128 835)	**(130)**	3 313
Profit for the year		**779 939**	341 066	**298 967**	199 344
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefit obligations		**1 098**	5 946		
Deferred tax on remeasurement of post employment benefit obligations		**(307)**	(1 665)		
Items that may be subsequently reclassified to profit and loss					
Change in the value of available-for-sale financial assets		**(709)**	1 367		
Currency loss on investment loans to foreign subsidiaries		**(2 905)**	(859)		
Foreign currency translation adjustments		**(34 398)**	1 113		
Other comprehensive income for the year, net of tax		**(37 221)**	5 902		
Total comprehensive income for the year		**742 718**	346 968	**298 967**	199 344
Profit for the year attributable to:					
Equity holders of the company		**778 126**	337 518	**298 967**	199 344
Non-controlling interest		**1 813**	3 548		
Profit for the year		**779 939**	341 066	**298 967**	199 344
Total comprehensive income attributable to:					
Equity holders of the company		**741 612**	343 128	**298 967**	199 344
Non-controlling interest		**1 106**	3 840		
Total comprehensive income for the year		**742 718**	346 968	**298 967**	199 344
Earnings per share attributable to the equity holders of the company during the year:		**cents**	cents		
– basic	26	**2013**	884		
– diluted	26	**2009**	884		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2015

	Attributable to ordinary shareholders of Astral Foods Limited					Non-controlling interests	Total equity
	Share capital and premium R'000	Treasury shares R'000	Other reserves (Note 12)	Retained earnings R'000	Total R'000	R'000	R'000
Group							
2014							
Balance at 1 October 2013	2 044	(204 435)	24 247	1 859 010	1 680 866	13 954	1 694 820
Profit for the year				337 518	337 518	3 548	341 066
Other comprehensive income for the year, net of tax							5 902
Remeasurement of post-retirement benefit obligations				4 281	4 281		4 281
Change in the value of available-for-sale financial assets			1 367		1 367		1 367
Currency loss on investment loans to foreign subsidiaries			(859)		(859)		(859)
Currency translation differences arising in year			1 113		1 113		1 113
Non-controlling interest in translation differences			(292)		(292)	292	
Option value of share options granted			462		462	(9)	453
Transfer to legal reserve – foreign subsidiary			240	(240)			
Shares issued – share options exercised	65 831				65 831		65 831
Dividends declared				(160 615)	(160 615)	(2 617)	(163 232)
Balance at 30 September 2014	67 875	(204 435)	26 278	2 039 954	1 929 672	15 168	1 944 840
2015							
Balance at 1 October 2014	**67 875**	**(204 435)**	**26 278**	**2 039 954**	**1 929 672**	**15 168**	**1 944 840**
Profit for the year				**778 126**	**778 126**	**1 813**	**779 939**
Other comprehensive income for the year, net of tax							**(37 221)**
Remeasurement of post-retirement benefit obligations				**791**	**791**		**791**
Change in the value of available-for-sale financial assets			**(709)**		**(709)**		**(709)**
Currency loss on investment loans to foreign subsidiaries			**(2 905)**		**(2 905)**		**(2 905)**
Currency translation differences arising in year			**(34 398)**		**(34 398)**		**(34 398)**
Non-controlling interest in translation differences			**707**		**707**	**(707)**	
Option value of share options granted			**259**		**259**		**259**
Transfer to legal reserve – foreign subsidiary			**313**	**(313)**			
Shares issued – share options exercised	**4 482**				**4 482**		**4 482**
Dividends declared				**(315 159)**	**(315 159)**	**(5 560)**	**(320 719)**
Balance at 30 September 2015	**72 357**	**(204 435)**	**(10 455)**	**2 503 399**	**2 360 866**	**10 714**	**2 371 580**
Company							
2014							
Balance at 1 October 2013	2 044		18 149	195 909	216 102		
Profit for the year				199 344	199 344		
Option value of share options granted			462		462		
Shares issued – share options exercised	65 831				65 831		
Dividends declared				(177 869)	(177 869)		
Balance at 30 September 2014	67 875		18 611	217 384	303 870		
2015							
Balance at 1 October 2014	**67 875**		**18 611**	**217 384**	**303 870**		
Profit for the year				**298 967**	**298 967**		
Option value of share options granted			**259**		**259**		
Shares issued – share options exercised	**4 482**				**4 482**		
Dividends declared				**(348 481)**	**(348 481)**		
Balance at 30 September 2015	**72 357**		**18 870**	**167 870**	**259 097**		

STATEMENTS OF CASH FLOW

for the year ended 30 September 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Cash flows from operating activities					
Cash operating profit	A	**1 436 184**	671 225	**298 910**	196 167
Changes in working capital	B	**(440 638)**	32 897	**(133)**	499
Cash generated from operations		**995 546**	704 122	**298 777**	196 666
Tax paid	C	**(344 325)**	(100 232)	**3 318**	–
Cash generated from operating activities		**651 221**	603 890	**302 095**	196 666
Cash used in investing activities		**(185 821)**	(382 645)	**161**	322
Net purchases of property, plant and equipment	D	**(201 491)**	(391 739)		
Costs incurred on intangibles		**(1 328)**	(3 243)		
Proceeds on disposal of property, plant and equipment		**4 188**	8 424		
Repayment of loan			3 262		
Finance income		**12 810**	651	**161**	322
Cash flows to financing activities		**(458 321)**	(110 822)	**(343 926)**	(112 525)
Dividends paid to the company's shareholders	E	**(315 086)**	(160 640)	**(348 408)**	(177 894)
Proceeds from shares issued		**4 482**	65 831	**4 482**	65 831
Payments to non-controlling interest holders		**(5 560)**	(2 617)		
Movement in loan to subsidiaries					(462)
Finance expense		**(22 268)**	(37 495)		
Net (decrease)/increase in borrowings		**(119 889)**	24 099		
Proceeds from borrowings			55 201		
Payment on long-term borrowings		**(119 889)**	(31 102)		
Net inflow/(outflow) of cash and cash equivalents		**7 079**	110 423	**(41 670)**	84 463
Effects of exchange rate changes		**(12 885)**	(4)		
Cash and cash equivalents at beginning of year		**32 391**	(78 028)	**67 540**	(16 923)
Cash and cash equivalents at end of year	9	**26 585**	32 391	**25 870**	67 540

NOTES TO THE STATEMENTS OF CASH FLOW

for the year ended 30 September 2015

		Group		Company	
		2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
A.	**Cash operating profit**				
	Operating profit	**1 100 484**	492 939	**298 936**	195 709
	Adjustments for:				
	Depreciation and amortisation	**153 156**	134 645		
	Reversal of impairment of assets		(153)		
	Scrapping of property, plant and equipment	**4 046**	8 585		
	Profit on disposal of property,plant and equipment	**(1 593)**	(5 225)		
	Change in provision for employee benefit obligations	**179 832**	39 981		
	Cost of equity compensation reserve	**259**	453	**–**	462
	Other non-cash flow items			**(26)**	(4)
	Cash operating profit	**1 436 184**	671 225	**298 910**	196 167
B.	**Changes in working capital**				
	Increase in inventories	**(237 269)**	(13 336)		
	Increase in biological assets	**(16 226)**	(52 106)		
	Decrease/(increase) in trade and other receivables	**9 328**	(61 398)	**(27)**	60
	(Decrease)/increase in trade and other payables	**(196 471)**	159 737	**(106)**	439
	Total change in working capital	**(440 638)**	32 897	**(133)**	499
C.	**Tax paid**				
	Balance at beginning of year	**(9 520)**	2 574	**3 313**	3 313
	Normal tax provision	**(326 561)**	(111 705)	**(130)**	
	Withholding tax	**(1 325)**	(772)		
	Translation differences	**(157)**	151		
	Net balance at end of year	**(6 762)**	9 520	**135**	(3 313)
	Total tax paid	**(344 325)**	(100 232)	**3 318**	
D.	**Net purchases of property, plant and equipment**				
	Purchase of property, plant and equipment to improve and/or expand operations	**(43 295)**	(275 415)		
	Purchase of property, plant and equipment to maintain operations	**(144 738)**	(125 558)		
	Total purchases	**(188 033)**	(400 973)		
	Interest capitalised	**2 521**	14 200		
	Decrease in advance capital expenditure payments	**8 247**	4 084		
	(Decrease)/increase in outstanding capital expenditure payments	**(24 226)**	19 818		
	Government grant receivable in respect of cost incurred on property plant and equipment		(28 868)		
	Net purchases of property, plant and equipment	**(201 491)**	(391 739)		
E.	**Dividends paid**				
	Balance at beginning of year	**(1 674)**	(1 699)	**(1 674)**	(1 699)
	Per statement of changes in equity	**(315 159)**	(160 615)	**(348 481)**	(177 869)
	Balance at end of year	**1 747**	1 674	**1 747**	1 674
	Total dividends paid	**(315 086)**	(160 640)	**(348 408)**	(177 894)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 September 2015

Group	Land and buildings R'000	Plant, and equipment R'000	Vehicles R'000	Total R'000
1. Property, plant and equipment				
2014				
Net book amount at 1 October 2013	810 584	925 312	60 565	1 796 461
Changes for the year:				
Exchange translation changes	(1 452)	(263)	(201)	(1 916)
Additions – Expansion	94 808	176 308	4 299	275 415
Additions – Replacement	9 000	111 349	5 209	125 558
Disposals	(1 212)	(243)	(1 691)	(3 146)
Assets scrapped	(588)	(7 681)	(316)	(8 585)
Impairment reversed		153		153
Depreciation charge	(21 083)	(91 308)	(12 406)	(124 797)
Closing net book amount	890 057	1113 627	55 459	2 059 143
Balance at 30 September 2014:				
Cost	1 241 402	2 005 728	157 266	3 404 396
Accumulated depreciation	(351 345)	(892 101)	(101 807)	(1 345 253)
Closing net book amount	890 057	1 113 627	55 459	2 059 143
2015				
Net book amount at 1 October 2014	**890 057**	**1 113 627**	**55 459**	**2 059 143**
Changes for the year:				
Exchange translation changes	**(19 445)**	**(16 911)**	**(1 699)**	**(38 055)**
Additions – Expansion	**10 710**	**31 467**	**1 118**	**43 295**
Additions – Replacement	**9 954**	**121 853**	**12 931**	**144 738**
Disposals	**(282)**	**(1 185)**	**(1 398)**	**(2 865)**
Assets scrapped		**(2 949)**	**(827)**	**(3 776)**
Reclassification		**(278)**	**278**	**–**
Depreciation charge	**(23 577)**	**(112 081)**	**(12 145)**	**(147 803)**
Closing net book amount	**867 417**	**1133 543**	**53 717**	**2 054 677**
Balance at 30 September 2015:				
Cost	**1 238 506**	**2 081 809**	**157 544**	**3 477 859**
Accumulated depreciation	**(371 089)**	**(948 266)**	**(103 827)**	**(1 423 182)**
Closing net book amount	**867 417**	**1 133 543**	**53 717**	**2 054 677**

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 R2 521 000 (2014: R14 200 000).

The carrying value of buildings and plant and equipment has been reduced by R28 868 000 in respect of a government grant approved in the prior year as a contribution to the construction cost of a new feed mill.

Assets with a book value of R5 937 000 (2014: R42 764 000) at a Zambian subsidiary are pledged as security for secured loans and borrowing facilities. (Refer to note 13).

		Group		Company	
		2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
2. Intangible assets					
Software					
Opening net book amount		**18 601**	25 320		
Changes for the year:					
Exchange translation changes		**(187)**	(61)		
Capitalisation of costs incurred		**1 328**	3 243		
Disposal			(53)		
Amortisation – included in administrative expenses		**(5 353)**	(9 848)		
Closing net book amount		**14 389**	18 601		
Cost		**51 363**	55 644		
Accumulated amortisation		**(36 974)**	(37 043)		
Closing net book amount		**14 389**	18 601		
3. 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					
Goldi/Festive	Assumptions – (a)	**106 020**	106 020		
Mountain Valley	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 done on the carrying values of goodwill, based on the following assumptions:					
Assumptions – (a)					
– Average perpetuity growth rates		**6%**	6%		
– Period (years)		**4**	4		
– Discount rates		**13,8%**	13,0%		
Assumptions – (b)					
– Average perpetuity growth rates		**6%**	6%		
– Period (years)		**4**	4		
– Discount rates		**16,8%**	16,0%		
Assumptions – (c)					
– Average perpetuity growth rates		**7%**	7%		
– Period (years)		**4**	4		
– Discount rates		**18,8%**	18,0%		
		R'000	R'000		
If the discount rates are increased by 1%, goodwill impairment will be		**4 200**	nil		
If the net realisations of poultry products decrease by 1%, goodwill impairment will be		**11 200**	nil		

The accounting estimates and judgements on which the impairment tests are based are set out in paragraph 29 of the accounting policies.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
4. Investment in associate				
Provimi SSA (Pty) Ltd				
Cost	**1 620**	1 620	**1 620**	1 620
Share of post-acquisition profits	**23 848**	20 560		
	25 468	22 180	**1 620**	1 620
The group's interest in Provimi SSA (Pty) Ltd is 25%.				
The financial year-end of the associate is 31 May.				
Results reviewed for 12 months ending August are equity accounted by the group due to the September results not being available in time.				
The associate supplies animal feed pre-mixes and conducts its business activities in South Africa.				
The group has a commitment not exceeding R21 250 000 to provide funding to the associate in the event it is not able to meet payment commitments in respect of a loan provided by its parent company. No provision is made for a liability as the group's portion of the associates net asset value will increase in the event funding assistance is requested.				
The summarised financial information for Provimi as at 31 August is as follows				
Summarised balance sheet				
Non-current assets	**144 324**	113 477		
Current assets	**156 172**	119 986		
	300 496	233 463		
Equity	**103 874**	90 723		
Non-current liabilities	**102 333**	85 129		
Current liabilities	**94 289**	57 611		
	300 496	233 463		
Summarised income statement				
Revenue	**497 593**	340 251		
Profit for the period	**13 151**	8 960		
Reconciliation of net assets				
Interest in net assets	**25 969**	22 681		
Difference between purchase price and book value	**(501)**	(501)		
Carrying value	**25 468**	22 180		
5. Investments				
Subsidiaries – at cost			**233 795**	233 510
Other unlisted:				
Group Risk Holdings (Pty) Ltd – a company holding investments in companies which operate in the field of insurance, reinsurance and risk management.	**2 744**	3 453		
Value at the beginning of the year	**3 453**	2 086		
Fair value (loss)/gain – recognised in other comprehensive income	**(709)**	1 367		
	2 744	3 453	**233 795**	233 510

The fair value of the other unlisted investments was based on level 3 in the fair value measurement hierarchy – i.e. based on the group's *pro rata* share of the carrying value of net assets. There have been no transfers between different hierarchy levels.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
6. Inventories				
Raw materials	**209 323**	144 936		
Finished goods and merchandise	**419 949**	243 539		
Consumable stores	**73 068**	64 119		
	702 340	452 594		

Inventory with a carrying value of R22 058 000 (2014: R1 207 000) at a Zambian subsidiary were pledged as security for borrowings. (Refer to note 13.)

The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R6 259 million (2014: R5 808 million).

	Egg stock R'000	Breeding stock R'000	Broiler stock R'000	Total R'000
7. Biological assets				
Group				
2014				
Fair value at 1 October 2013	70 610	288 060	234 020	592 690
Increase due to establishment costs	486 204	1 062 581	4 146 217	5 695 002
Decrease due to harvest/sales	(482 842)	(1 033 445)	(4 130 178)	(5 646 465)
Fair value adjustment	2 442		921	3 363
Fair value at 30 September 2014	76 414	317 196	250 980	644 590
2015				
Fair value at 1 October 2014	**76 414**	**317 196**	**250 980**	**644 590**
Increase due to establishment costs	**516 768**	**1 071 485**	**4 165 289**	**5 753 542**
Decrease due to harvest/sales	**(509 410)**	**(1 079 595)**	**(4 147 667)**	**(5 736 672)**
Fair value adjustment	**4 528**		**1 552**	**6 080**
Fair value at 30 September 2015	**88 300**	**309 086**	**270 154**	**667 540**

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 117 000 (2014: R16 579 000) at a Zambian subsidiary were pledged as security for borrowings (refer note 13).

The fair value of the biological assets 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 have been no transfers between different hierarchy levels.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
8. Trade and other receivables				
Financial instruments				
Trade receivables	**786 824**	780 916		
Provision for impairment	**(523)**	(3 474)		
Trade receivables – net	**786 301**	777 442		
Other receivables	**16 621**	19 719		
Government grant receivable	**28 868**	28 868		
Non-financial instruments				
Prepayments	**13 392**	21 686		
VAT recoverable	**36 771**	44 572		
Other receivables	**357**	737	**27**	
	882 310	893 024	**27**	

Trade receivables with a book value of R6 769 000 (2014: R229 000) at a Zambian subsidiary are pledged as security for borrowings (refer note 13).

The government grant receivable is in respect of an investment in property, plant and equipment. The carrying value of the relevant property, plant and equipment items have been reduced by the government grant amount.

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 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
SA Rand	**859 056**	871 464	**27**	
Zambia Kwacha	**9 943**	12 197		
Mozambique Meticais	**13 311**	9 363		
	882 310	893 024	**27**	
Trade receivables are categorised as follows				
Poultry	**560 307**	558 631		
Farming	**22 757**	13 425		
Retail and wholesale	**537 550**	545 206		
Feed	**212 758**	206 125		
Farming	**193 292**	185 421		
Retail and wholesale	**17 466**	20 704		
Other Africa	**13 759**	16 160		
Farming	**5 267**	6 292		
Retail and wholesale	**8 492**	9 868		
	786 824	780 916		
Ageing profile of trade receivables:				
up to 30 days	**783 312**	773 460		
30 to 60 days	**62**	4 851		
60 days and longer	**1 450**	2 605		
	786 824	780 916		

8. Trade and other receivables (continued)

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Trade receivables of R783 312 000 (2014: R773 460 000) are neither past due nor impaired.				
Trade receivables outstanding longer than 30 days per category;				
Poultry	**1 485**	4 325		
Feed	**27**	2 889		
Other Africa		242		
	1 512	7 456		
Provision for impairment:				
Balance at 1 October	**(3 474)**	(3 543)		
Decrease/increase credited/(charged) to profit and loss	**2 455**	(1 076)		
Impairment provision utilised against trade receivables	**496**	1 145		
Balance at 30 September	**(523)**	(3 474)		
Ageing profile of provision for impairment:				
30 days and longer	**(523)**	(3 474)		
The provision for impairment is categorised as follows:				
Poultry				
Farming		35		
Retail and wholesale	**460**			
Feed				
Farming	**63**	2 867		
Other Africa				
Feed		442		
Farming		130		
	523	3 474		
Risk profile of trade receivables according to internal risk assessment:				
Low risk – national customers with low credit risk	**423 121**	384 047		
General risk – customers with a moderate risk profile	**360 253**	394 264		
High risk – customers with a high risk profile	**1 450**	2 605		
	784 824	780 916		
Security held against trade receivables:				
Bank guarantees	**12 800**	14 050		
Covering bonds over property	**8 800**	15 982		
Credit Guarantee insurance cover	**298 870**	374 849		
	320 470	404 881		
Security held per trade receivable category:				
Poultry	**316 970**	394 199		
Feed	**3 500**	5 500		
Other Africa		5 182		
	320 470	404 881		

Refer to note 30 for detail on the management of the credit risk related to trade receivables.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
9. Cash and cash equivalents				
Cash at bank and in hand	**319 149**	130 531	**25 870**	67 540
Cash and cash equivalents include the following for purposes of the cash flow statement:				
Cash at bank and in hand	**319 149**	130 531	**25 870**	67 540
Bank overdrafts (note 13)	**(292 564)**	(98 140)		
Cash and cash equivalents per the statement of cash flow	**26 585**	32 391	**25 870**	67 540
10. Share capital				
Authorised share capital				
75 000 000 ordinary shares of 1 cent each (2014: 75 000 000 ordinary shares of 1 cent each)	**750**	750	**750**	750
Issued share capital				
42 761 285 ordinary shares of 1 cent each	**428**	427	**428**	427
(2014: 42 722 685 ordinary shares of 1 cent each)				
Share premium	**71 929**	67 448	**71 929**	67 448
Total issued share capital and premium	**72 357**	67 875	**72 357**	67 875

	2015 No of shares	2014 No of shares	**2015 No of shares**	2014 No of shares
All issued shares are fully paid.				
Number of shares effectively in issue				
Issued shares	**42 761 285**	42 722 685	**42 761 285**	42 722 685
Treasury shares held by subsidiary	**(4 088 577)**	(4 088 577)		
	38 672 708	38 634 108	**42 761 285**	42 722 685
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	**4 046 350**	3 420 850	**4 046 350**	3 420 850
Number of share options exercised	**38 600**	573 800	**38 600**	573 800
Number of share options forfeited	**21 100**	51 700	**21 100**	51 700
Number of share options available at end of year	**4 106 050**	4 046 350	**4 106 050**	4 046 350
The number of share options outstanding at end of year	**186 350**	246 050	**186 350**	246 050
Number of shares under the control of directors for the purpose of the share option scheme at the end of the year	**4 292 400**	4 292 400	**4 292 400**	4 292 400

Share options forfeited were in respect of employees who left the employment of the group.

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 seven 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:

	Exercise price	No of options outstanding at beginning of year	No of options exercised during the year	No of options forfeited during the year	No of options outstanding at end of the year	No of options exercisable at end of year
Date						
24 February 2009	R86.00	2 300	(2 300)			
15 May 2009	R97.00	8 200			8 200	8 200
30 September 2011	R118.00	146 200	(36 300)	(8 400)	101 500	67 667
28 September 2012	R104.71	89 350		(12 700)	76 650	25 550
		246 050	(38 600)	(21 100)	186 350	101 417

Value of share options outstanding at the end of the year at the exercise price amounts to R20 798 422 (2014: R27 600 639).

No share options were granted during the year (2014: none).

The service cost recognised by the group in the current year in return for the cumulative share options granted to date to employees and directors for the group amounts to R259 000 (2014: R462 000).

12. Other reserves

	Equity compensation reserve R'000	Non-distributable legal reserve# R'000	Currency translation reserve R'000	Currency gains/(losses) on investment loans R'000	Available-for-sale investments R'000	Total other reserves R'000
Group						
2014						
Balance at 1 October 2013	18 149	542	5 556			24 247
Change in the value of available-for-sale financial assets					1 367	1 367
Currency loss on investment loans to foreign subsidiaries				(859)		(859)
Currency translation differences arising in year			1 113			1 113
Non-controlling interest in translation differences			(292)			(292)
Option value of share options granted	462					462
Transfer from retained earnings to legal reserve		240				240
Balance at 30 September 2014	18 611	782	6 377	(859)	1 367	26 278
2015						
Balance at 1 October 2014	**18 611**	**782**	**6 377**	**(859)**	**1 367**	**26 278**
Change in the value of available-for-sale financial assets					**(709)**	**(709)**
Currency loss on investment loans to foreign subsidiaries				**(2 905)**		**(2 905)**
Currency translation differences arising in year			**(34 398)**			**(34 398)**
Non-controlling interest in translation differences			**707**			**707**
Option value of share options granted	**259**					**259**
Transfer from retained earnings to legal reserve		**313**				**313**
Balance at 30 September 2015	**18 870**	**1 095**	**(27 314)**	**(3 764)**	**658**	**(10 455)**

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

The adverse movement in the currency translation reserve relates to a substantial weakening towards the end of the financial year of the functional currencies in which the other African subsidiaries conduct their business activities against the South African Rand.

12. Other reserves (continued)

	Equity compensation reserve R'000	Non-distributable legal reserve# R'000	Currency translation reserve R'000	Currency gains/(losses) on investment loans investments R'000	Available-for-sale reserves R'000	Total other R'000
Company						
2014						
Balance at 1 October 2013	18 149					18 149
Option value of share options granted	462					462
Balance at 30 September 2014	18 611					18 611
2015						
Balance at 1 October 2014	**18 611**					**18 611**
Option value of share options granted	**259**					**259**
Balance at 30 September 2015	**18 870**					**18 870**

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

13. Borrowings

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Non-current				
Secured loans	**3 642**	16 945		
Unsecured loan	**79 777**	189 202		
Less: Portion payable within one year included in current liabilities	**(48 918)**	(50 147)		
	34 501	156 000		
Current				
Bank overdrafts	**292 564**	98 140		
Portion of non-current borrowings payable within one year	**48 918**	50 147		
	341 482	148 287		
Total borrowings	**375 983**	304 287		
The carrying amounts of the group's borrowings are denominated in the following currencies:				
SA Rand	**346 157**	278 207		
Zambian Kwacha	**29 826**	26 080		
	375 983	304 287		
Secured loans				
Secured loans obtained by subsidiaries disclosed in the Other Africa segment	**3 642**	16 945		
Interest is linked to market-related rates.				
Interest rates at 30 September (%)	**19,0**	19,0		
Assets with the following book values are pledged as security for the secured loans:				
Land and buildings	**2 331**	14 643		
Plant and equipment	**1 308**	28 121		
Biological assets		16 579		
Inventory		1 207		
Trade receivables		229		
Contractual maturity of payments of the secured loans:				
Not later than one year	**3 851**	13 709		
Between one and five years		5 763		
Over five years	**5**	5		
	3 856	19 477		
Less: Finance charges	**(214)**	(2 532)		
	3 642	16 945		

Repayments consist of monthly interest and capital payments. Maturity dates vary from October 2015 to July 2016.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
13. Borrowings (continued)				
Unsecured loans				
An unsecured loan obtained by a subsidiary disclosed in the Feed segment	**79 777**	189 202		
Interest is linked to market-related rates.				
Interest rate at 30 September (%)	**8,0**	8,1		
Contractual maturity of payments of non current borrowings:				
Not later than one year	**50 400**	50 400		
Between one and five years	**36 690**	174 335		
	87 090	224 735		
Less: Finance charges	**(7 313)**	(35 533)		
	79 777	189 202		
Repayment consist of monthly interest payments and quarterly capital repayments.				
The maturity date is June 2017.				
Borrowing facilities				
The group has the following general borrowing facilities at floating interest rates.				
– denominated in SA Rand				
Total facilities	**705 000**	755 000		
Unutilised facilities at year-end	**705 000**	730 678		
– denominated in Zambian Kwacha				
Total facilities	**37 204**	22 960		
Unutilised facilities at year-end	**11 020**	13 821		
The facilities at the Zambian subsidiaries are covered by securities over assets with the following carrying values:				
Land and buildings	**2 298**			
Inventory	**22 058**			
Biological assets	**11 117**			
Trade debtors	**6 769**			
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.				

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000

14. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 28% (2014: 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.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Net deferred tax asset				
Movement on the deferred tax asset account is as follows:				
At beginning of year	**1 895**			
Charge to profit and loss	**(1 895)**	1 895		
At end of year	**–**	1 895		

Analysis of deferred tax asset:	**Opening balance R'000**	**Charge to profit and loss R'000**	**Closing balance R'000**
Group			
2015			
Temporary differences giving rise to deferred tax liabilities			
Accelerated tax allowances on assets	**(10 812)**	**10 812**	**–**
Temporary differences giving rise to deferred tax assets			
Tax losses utilised to reduce liability	**12 496**	**(12 496)**	**–**
Other	**211**	**(211)**	**–**
	1 895	**(1 895)**	**–**

	Group		Company	
Net deferred tax liabilities	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Movement on the deferred tax liability account is as follows:				
At beginning of year	**438 035**	417 646		
Foreign currency translation changes	**(2 024)**	471		
Change in tax rate – foreign subsidiaries		(379)		
Charge related to items in other comprehensive income	**307**	1 665		
Charge to profit and loss	**(16 126)**	18 632		
Originating and reversal of temporary differences	**(16 276)**	14 839		
Adjustment to amounts recognised in prior year	**150**	3 793		
At end of year	**420 192**	438 035		

14. **Deferred tax** (continued)

Group

Analysis of deferred tax liabilities:	Opening balance R'000	Charge to profit and loss R'000	Charged to other comprehensive income R'000	Closing balance R'000
2014				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	365 560	9 500		375 060
Temporary difference on livestock and farming consumables	143 672	3 583		147 255
Temporary differences giving rise to deferred tax assets				
Provision for retirement benefit obligations	(26 009)	(1 109)	1 665	(25 453)
Provision for long-term retention payments	(18 412)	(2 883)		(21 295)
Provision for outstanding leave pay	(13 595)	(2 433)		(16 028)
Rental equalisation reserve	(4 000)	(157)		(4 157)
Provision for incentive bonuses	(4 700)	(8 694)		(13 394)
Tax losses utilised to reduce liability		(436)		(436)
Other	(24 870)	20 882	471	(3 517)
	417 646	18 253	2 136	438 035
Change in tax rate – foreign subsidiaries	(379)	379		
	417 267	18 632	2 136	438 035
2015				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	**375 060**	**22 900**		**397 960**
Temporary difference on livestock and farming consumables	**147 255**	**7 473**		**154 728**
Temporary differences giving rise to deferred tax assets				
Provision for retirement benefit obligations	**(25 453)**	**(910)**	**307**	**(26 056)**
Provision for long-term retention payments	**(21 295)**	**(7 072)**		**(28 367)**
Provision for outstanding leave pay	**(16 028)**	**(2 609)**		**(18 637)**
Rental equalisation reserve	**(4 157)**	**234**		**(3 923)**
Provision for incentive bonuses	**(13 394)**	**(34 912)**		**(48 306)**
Tax losses utilised to reduce liability	**(436)**	**436**		
Other	**(3 517)**	**(1 666)**	**(2 024)**	**(7 207)**
	438 035	**(16 126)**	**(1 717)**	**420 192**

A deferred tax liability of R14 417 000 (2014: R14 940 000) has not been recognised in respect of withholding tax in the event of future dividend distributions by the foreign subsidiaries.

No deferred tax was provided for capital gains tax on temporary differences of R20 374 000 (2014: R17 744 000) in respect of the carrying value of investments in associates.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
15. Employee benefit obligations				
Post-employment medical benefits	**93 056**	90 904		
Long-term retention benefits	**68 647**	45 879		
	161 703	136 783		
Post-employment medical benefits				
The group provides post-retirement healthcare benefits to some of its current and retired employees – refer to paragraph 23 of the accounting policies for more detail regarding the post-employment medical plan. Benefits paid and the movement in the provision are charged against profits in the current period. Remeasurements are charged to other comprehensive income.				
Amounts recognised in the profit and loss:	**8 168**	8 413		
Current service costs	**771**	1 083		
Interest costs	**7 397**	7 330		
Amounts recognised in other comprehensive income:				
Remeasurement	**(1 098)**	(5 946)		
Arising from changes in financial assumptions	**1 909**	(368)		
Arising from changes in demographic assumptions	**(3 007)**	(5 455)		
Miscellaneous		(123)		
Estimated employer benefits payable during next 12 months	**5 304**	4 917		
The liability recognised in the financial statements was actuarially valued at 30 September 2015 (previous valuation date: 30 September 2014). The liability was valued using the Projected Unit Credit valuation method which is the same method used in the prior year.				
Discount rate (%)				
In service members (%)	**9,2**	8,3		
Continuation members (%)	**8,7**	8,3		
Healthcare (subsidy) inflation rate (%)				
In service members (%)	**7,7**	7,0		
Continuation members (%)	**7,6**	7,0		
Pre-retirement mortality rates as per SA 85-90 (Light) ultimate table				
Post-retirement mortality rates as per PA(90) ultimate table rated down two years plus an improvement of 0.75% per annum from a base year of 2006.				
Present value of funded obligations per actuarial valuation at 30 September				
Balance at beginning of year	**90 904**	92 889		
Current service cost	**771**	1 083		
Interest costs	**7 397**	7 330		
Remeasurement	**(1 098)**	(5 946)		
Benefits payments	**(4 918)**	(4 452)		
Balance at end of year	**93 056**	90 904		
Discontinued mean terms of membership				
In service members	**22 years 0 months**	22 years 6 months		
Continuation members	**9 years 5 months**	9 years 10 months		

15. Employee benefit obligations (continued)

Sensitivity analysis

	Accrued liability	% change
Discount rate increases by 1% p.a.	83 287	(10)
Discount rate reduces by 1% p.a.	104 196	13
Subsidy inflation increases by 1% p.a.	104 868	13
Subsidy inflation reduces by 1% p.a.	83 173	(11)
Mortality rate increases by 1%	92 661	(0,4)
Mortality rate decreases by 1%	93 468	0,4

A deterministic model has been used to calculate the projected cash flows and the corresponding sensitivity results. The results are point estimations and a limitation of this model is that a limited range of results is available for the sensitivity results.

	R'000	Experience adjustment %
The present value of the defined benefit obligation and the experience adjustment were as follows:		
30 September 2015	93 056	+1,2
30 September 2014	90 904	+6,5
30 September 2013	92 889	+5,4
30 September 2012	93 797	+0,9
30 September 2011	90 654	(1,8)

16. Trade and other payables

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Financial instruments				
Trade payables	**952 936**	1 134 151		
Outstanding payment in respect of capital expenditure incurred	**17 498**	41 724		
Accruals and other payables	**185 884**	176 912	**333**	439
Non-financial instruments				
Long-term retention benefits	**50 665**	30 425		
Performance incentives and long service provision	**175 522**	47 835		
VAT payable	**2 605**	21 892		
Outstanding leave obligations	**66 561**	57 433		
Operating lease equalisation	**14 009**	14 847		
Other	**14 629**	1 788		
	1 480 309	1 527 007	**333**	439
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
SA Rand	**1 442 625**	1 481 158	**333**	439
Zambian Kwacha	**31 769**	39 105		
Mozambican Meticais	**5 915**	6 744		
	1 480 309	1 527 007	**333**	439

Movement in provisions included in trade and other payables are reconciled as follows:

	Long-term retention benefits R'000	Performance incentives and long service awards R'000	Outstanding leave obligations R'000
Balance at 30 September 2013	65 756	16 785	48 555
Payments against provision	(28 106)	(15 957)	
Increase in provision	38 654	47 007	8 878
Balance at 30 September 2014	76 304	47 835	57 433
Non-current provision	45 875		
Current provision	30 429	47 835	57 433
	76 304	47 835	57 433
Balance at 30 September 2014	**76 304**	**47 835**	**57 433**
Payments against provision	**(30 153)**	**(48 834)**	
Increase in provision	**55 161**	**194 521**	**9 128**
Balance at 30 September 2015	**101 312**	**193 522**	**66 561**
Non-current provision	**50 647**	**18 000**	
Current provision	**50 665**	**175 522**	**66 561**
	101 312	**193 522**	**66 561**

The amounts provided for payment in respect of long-term retention benefits have been discounted at rates varying between 7,0% and 8,2%. The performance criteria of exceeding economic value added (EVA) targets and exceeding prior years and budgeted operating profits were met in the current year and resulted in an increase in the performance incentive provision. Refer to the Remuneration report for more detail on the various incentive schemes.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000

17. Contingencies and commitments

Capital commitments				
Capital expenditure approved not contracted	**43 497**	12 956		
Capital expenditure contracted but not recognised in the financial statements:	**23 415**	43 521		
The capital commitments will be financed from a combination of operating cash flow and borrowings from the available general borrowing facilities. 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 one year	**242 604**	167 991	**–**	–
Later than one year and not later than five years	**933 657**	579 253	**–**	–
Later than five years	**247 096**	155 298	**–**	–
	1 423 357	902 542	**–**	–
Leases are contracted for periods ranging up to 10 years with no renewal options. Rental escalations vary from nil to prime interest rate linked escalations.				
The group entered into an agreement whereby some of its transport requirements have been outsourced to a third party. The fixed cost portion of this arrangement has been disclosed as an operating lease. The arrangement is for an initial period of 10 years with an option to renew the agreement. Lease escalations are linked to inflation. The initial lease period expires on 1 October 2021.				
The lease expenditure charged to the income statement is disclosed in note 19.				
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 are as follows:	**1 127 563**	998 891		

The group has a commitment not exceeding R21 250 000 to provide funding to the associate in the event it is not able to meet payment commitments in respect of a loan provided by its parent company.

18. Revenue

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Revenue from the sale of goods:				
Revenue denominated in South Africa Rand	**10 772 454**	9 103 098		
Revenue denominated in foreign functional currencies	**493 508**	499 278		
	11 265 962	9 602 376		
External revenue comprises the net value of the sales of feed and poultry related products from the following segments:				
Poultry	**8 574 655**	6 846 216		
Feed	**2 197 799**	2 256 882		
Other Africa	**493 508**	499 278		
	11 265 962	9 602 376		
The following intra-group revenue is excluded:				
Poultry	**779 924**	622 246		
Feed	**4 160 966**	3 359 699		
Other Africa	**20 925**	29 778		
	4 961 815	4 011 723		
Revenue is disclosed net of value added tax, normal discounts and rebates, and returns.				
Revenue from the top five customers are all from the Poultry segment.				
Customer 1	**2 580 647**	2 247 948		
Customer 2	**1 527 045**	1 209 910		
Customer 3	**663 733**	772 657		
Customer 4	**605 764**	623 959		
Customer 5	**438 701**	244 591		

Revenue from customer 1 and 2 exceeds 10% of total revenue.

19. Expenses by nature

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
Group					
2014					
Cost of raw material	5 809 092				5 809 092
Inventory written down and losses	8 594				8 594
Fair value adjustment to biological assets	(3 363)				(3 363)
Operating lease costs	31 773	6 650	118 714	1 064	158 201
Amortisation of intangibles		9 848			9 848
Depreciation on property, plant and equipment	116 485	2 954	5 182	176	124 797
Net reversal of impairment of property, plant and equipment, and intangibles	(153)				(153)
Repairs and maintenance	255 603	8 697	3 514	68	267 882
Water	39 682	109			39 791
Energy	427 900	1 899	6 167	201	436 167
Information technology-related costs	740	30 162	24	2	30 928
Advertising, marketing, promotional-related costs				73 268	73 268
Transport and distribution costs	54 210		321 194		375 404
Employee benefit expense	804 938	220 501	31 985	44 387	1 101 811
Directors' remuneration		30 555			30 555
Auditor's remuneration and related expenses		5 148			5 148
Other	478 481	131 329	41 002	15 607	666 419
	8 023 982	447 852	527 782	134 773	9 134 389
2015					
Cost of raw material	**6 258 934**				**6 258 934**
Inventory written down and losses	**4 903**				**4 903**
Fair value adjustment to biological assets	**(9 049)**				**(9 049)**
Operating lease costs	**48 720**	**9 514**	**145 499**	**1 082**	**204 815**
Amortisation of intangibles		**5 353**			**5 353**
Depreciation on property, plant and equipment	**134 940**	**7 336**	**5 313**	**214**	**147 803**
Repairs and maintenance	**331 420**	**15 332**	**8 424**	**318**	**355 494**
Water	**55 522**	**361**			**55 883**
Energy	**459 799**	**3 619**	**3 912**	**1 107**	**468 437**
Information technology-related costs	**11**	**31 861**	**18**		**31 890**
Advertising, marketing, promotional related costs				**105 321**	**105 321**
Transport and distribution costs	**22 819**		**378 253**		**401 072**
Employee benefit expense	**899 678**	**391 658**	**40 751**	**51 326**	**1 383 413**
Directors' remuneration		**53 102**			**53 102**
Auditor's remuneration and related expenses		**6 831**			**6 831**
Other	**539 824**	**128 190**	**11 815**	**15 285**	**695 114**
	8 747 521	**653 157**	**593 985**	**174 653**	**10 169 316**

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
20. Directors' remuneration				
Executive directors				
Salaries	**14 288**	12 282		
Retirement fund contributions	**2 397**	2 066		
Travelling allowance and other payments	**167**	195		
Long-term retention bonuses	**13 581**	8 400		
Performance-based bonuses	**20 023**	5 106		
	50 456	28 049		
Non-executive directors				
Fees	**2 646**	2 506		
Total directors' remuneration	**53 102**	30 555		
Less: Paid by subsidiary	**(51 414)**	(28 824)		
	1 688	1 731		
No share options in terms of the share option scheme were granted to the executive directors of the company during the year (2014: nil).				
Refer note 11 for details of the share-based payment scheme.				
Refer to the directors' remuneration report for details on long-term retention bonus payments				
21. Employee benefit expense				
Wages and salaries of permanent employees	**1 086 905**	862 575		
Retirement fund contributions	**78 096**	64 601		
Termination benefits	**1 565**	2 773		
Post-retirement benefits	**4 500**	5 346		
	1 171 066	935 295		
Cost of contracted labour	**212 347**	166 516		
	1 383 413	1 101 811		
Number of employees at 30 September:				
– Permanent employees	**8 323**	8 185		
– Contracted labour	**4 700**	3 570		
	13 023	11 755		
22. Other income				
Dividends received			**302 000**	198 570
Scrap sold	**1 458**	1 224		
Bad debts recovered	**2 266**	594		
Storage fee income	**4 025**	4 922		
Insurance recoveries	**2 991**	15 977		
Rental received	**4 036**	2 888		
Rebates received	**1 842**	1 598		
	16 618	27 203	**302 000**	198 570

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
23. Other gains/(losses)				
Foreign exchange (losses)/gains on financial instruments	**(10 327)**	1 109		
Profit on sale of property, plant and equipment	**1 593**	5 225		
Assets scrapped	**(4 046)**	(8 585)		
	(12 780)	(2 251)		
24. Finance expense and income				
Interest expense				
Bank borrowings	**6 627**	19 229		
Loans	**15 111**	17 799		
Other	**3 771**	3 101		
	25 509	40 129		
Less: Interest capitalised	**(2 521)**	(14 200)		
	22 988	25 929		
Interest income				
Bank surplus balances	**12 177**	558	**161**	322
Other	**633**	93		
	12 810	651	**161**	322
Net finance expense	**(10 178)**	(25 278)	**161**	322

Interest was capitalised at 9,25% in respect of expenditure on assets which took a substantial period of time to get ready for their intended use.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
25. Tax expense				
Current tax	**322 513**	116 574	**45**	90
Deferred tax	**(14 381)**	12 944		
	308 132	129 518	**45**	90
Tax – prior year	**4 048**	(4 869)	**85**	(3 403)
Deferred tax – prior year	**150**	3 793		
Withholding tax	**1 325**	772		
Tax rate change – foreign subsidiary		(379)		
	313 655	128 835	**130**	(3 313)
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	**1 093 594**	469 901	**299 097**	196 031
Tax calculated at a tax rate of 28% (2014: 28%)	**306 206**	131 572	**83 747**	54 889
Share of profit from associates	**(921)**	(627)		
Effect of different tax rates in other countries	**(662)**	(2 843)		
Expenses not deductible for tax purposes	**2 365**	1 416	**858**	801
Tax losses incurred not utilised to reduce tax charge	**1 143**			
Adjustments to prior year's normal tax provision	**4 048**	(4 869)	**85**	(3 403)
Adjustments to prior year's tax base of assets and provisions used for calculating deferred tax	**150**	3 414		
Income not subject to tax			**(84 560)**	(55 600)
Withholding tax	**1 325**	772		
Tax charge per income statement	**313 655**	128 835	**130**	(3 313)

Further information about deferred tax is presented in note 14.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000

26. Earnings per share

Profit attributable to equity holders of the company used for calculating earnings per share and diluted earnings per share	**778 126**	337 518		
	cents	cents		
Basic earnings per ordinary share	**2013**	884		
Diluted earnings per share	**2009**	884		
	No of shares	No of shares		
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	**38 663 740**	38 171 021		
Adjustments for share options	**70 281**	5 716		
Weighted average number of ordinary shares for calculating diluted earnings per share	**38 734 021**	38 176 737		

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares during the year, reduced by ordinary shares purchased and held as treasury shares.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the exercise of share options.

A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the company's shares) to equal the monetary value of the subscription rights attached to the outstanding share options. A higher number of shares that would have been issued assuming the exercise of the share options versus the number of shares issued at the average market price have a dilutive effect on the earnings per share. No adjustment is made where the issue of share options have no dilutive effect on the number of shares in issue.

27. Headline earnings

	Gross R'000	Tax R'000	Net R'000
2014			
Net profit attributable to shareholders			337 518
Adjusted for:			
Profit on sale of property, plant and equipment	(5 225)	1 244	(3 981)
Insurance recovery on damaged assets	(8 946)	2 505	(6 441)
Loss on assets scrapped	8 585	(2 428)	6 157
Net reversal of impairment of property, plant and equipment, and intangibles	(153)	43	(110)
Adjustment to the provision for capital gains tax on sale of investment in prior year		(3 403)	(3 403)
Headline earnings			329 740
2015			
Net profit attributable to shareholders			**778 126**
Adjusted for:			
Profit on sale of property, plant and equipment	**(1 593)**	**194**	**(1 399)**
Loss on assets scrapped	**4 046**	**(1 124)**	**2 922**
Headline earnings			**779 649**

	Group	
	2015 cents	2014 cents
Headline earnings per share (cents)	**2016**	864
Diluted headline earnings per share (cents)	**2013**	864

28. Dividends

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
The following dividends (net of treasury shares) were declared in respect of the current year's profits:				
Interim dividend (Dividend No 28)				
575 cents per share (2014:200 cents per share)	**222 355**	76 121	**245 864**	84 354
Final dividend (Dividend No 29)				
575 cents per share (2014: 240 cents per share)	**222 368**	92 722	**245 877**	102 617
Declared on 11 November 2015 in respect of the year ended 30 September 2015				
	444 723	168 843	**491 741**	186 971

The current financial statements do not include the final dividend declared in respect of the financial year ended 30 September 2015.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
29. Financial instruments				
The financial instruments are classified as follows;				
Financial assets				
Loans and receivables				
Trade and other receivables	**831 790**	826 029		
Cash and cash equivalents	**319 149**	130 531	**25 870**	67 540
Available for sale	**2 744**	3 453		
	1 153 683	960 013	**25 870**	67 540
Financial liabilities				
Other at amortised costs				
Accounts payable	**1 156 318**	1 352 787	**333**	439
Shareholders for dividend	**1 747**	1 674	**1 747**	1 674
Bank overdrafts	**292 564**	98 140		
Borrowings	**83 419**	206 147		
	1 534 048	1 658 748	**2 080**	2 113

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 2015 the carrying amounts of loans and receivables and other financial liabilities approximated their fair values.

30. Financial risk management

The group is exposed to the following major financial risks:

Market risk

The risk of changes in market prices will have an effect on the value of financial instruments, and an impact on the group's income.

(i) Interest rate risk

The group's interest rate risk is limited to surplus funds on cash deposits, loan liabilities and funds borrowed on bank overdrafts.

Interest is at variable rates which are linked to market-related rates such as the bank prime lending and JIBAR rates.

Interest rate risk is managed by the chief financial officer considering the group's net borrowings as well as reviewing forward levels of interest rates from time to time.

Based on the financial instruments as at 30 September 2015, the after tax effect of a 1% movement in the interest rates on the statement of comprehensive income will be R556 000 (2014: R1 430 000).

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

(ii) Foreign currency risk

The group enters into transactions from time to time in currencies which are different from the functional currencies in which it conducts its business activities, which results in exposure to foreign exchange rate fluctuations.

Exposure to exchange rate fluctuations is managed by utilising forward exchange contracts and currency option contracts in consultation with the group financial director when management regards it prudent. Forward exchange contracts entered into are related to specific statement of financial position items.

30. Financial Risk Management (continued)

The following rand value items reported in the financial statements are exposed to foreign exchange rate fluctuations at 30 September:

	Euro R'000	British Pound R'000	US Dollar R'000	Total R'000
2015				
Financial assets	**4**	**1**	**10 720**	**10 725**
Financial liabilities	**(1 103)**		**(11 849)**	**(12 952)**
	(1 099)	**1**	**(1 129)**	**(2 227)**
2014				
Financial assets			3 455	3 455
Financial liabilities		(824)	(5 964)	(6 788)
		(824)	(2 509)	(3 333)

A 10% movement in the ZAR against the relevant foreign currencies will result in a R160 000 after tax effect in the profits of the group (2014: R240 000).

There were no open foreign exchange contracts at 30 September 2015 (2014: nil).

(iii) Commodity price risk

The prices of commodities used by the group fluctuate widely and in a competitive market it is not always possible to recover material commodity price increases from broiler customers. This impacts on the group's profitability. The group may suffer financial loss when a fluctuating price contract obligation is entered into and the commodity prices increase or when a fixed price agreement is entered into and commodity prices fall. Commodity price fluctuations are normally caused by factors such as supply conditions, weather, exchange rate fluctuations and other economic conditions which are outside the control of Astral.

These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Decisions on the procurement of raw materials as well as the utilisation of derivative instruments to hedge against these risks are taken by executive management within board approved mandates. Detailed statements of raw material contracts and hedging positions are prepared and submitted on a monthly basis to the chief executive officer.

(iv) Price risk of broiler products

Broiler producers have limited influence over prices of broiler products in the retail market. These prices are highly sensitive to the supply and demand balance for broiler products. Imbalances in the supply and demand are caused by a combination of a number factors; the uncontrolled import and dumping of chicken products on to the South African market, production levels and supply from local producers, and the financial strength of the local consumer are the more important factors.

The management of this risk is done by the poultry management team through appropriate production planning, cost control, improvement in efficiencies and reduction of costs through continuous upgrading of processes and equipment and facilities.

Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the group arises on cash and cash equivalents, and trade receivables and is managed on a group basis.

Dealings with counterparties arising from money market and derivative instruments are limited to well-established financial institutions of high credit standing.

The group's main credit risk is concentrated in the aggregate balance of trade receivables. Exposure to trade receivables comprise a large, widespread customer base within each business segment/category. The largest single credit risk amounts to R168 million in the poultry segment.

30. Financial Risk Management (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.

Trade receivables are categorised into the following risk profiles:

- Low risk: National customers with a low risk profile.
- General risk: All other customers not classified as low or high risk.
- High risk: Customers with solvency and liquidity concerns, and existing customers in arrears as a result of financial difficulties.

Credit risks are controlled by the application of a number of credit controlling procedures, namely:

- credit risk insurance cover;
- customers' credit risks are individually assessed and where necessary additional security is requested from the customer;
- credit limits are set for customers and control procedures are in place to ensure adherence to those limits;
- a requirement that customers should provided updated statements of assets and liabilities;
- annual re-assessment of the credit worthiness of customers;
- immediate follow-up on late payments;
- regular visits and communication with customers; and
- no credit terms are granted to customers regarded as high risk as per the internal credit risk assessment.

The credit risk function is managed by the group credit executive and all new credit terms or changes to existing credit terms are approved and signed off by the chief executive officer.

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 2015.

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

Cash at bank represent surplus funds on current bank accounts. These funds are held by financial institutions of high quality and standing with Fitch credit rating for short term of F1.

The company is not exposed to credit risk apart from surplus funds on current bank account.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The liquidity risks are managed by the chief financial officer on a group level through a combination of the following:

- Monitoring of trading stock levels.
- Monitoring of outstanding trade receivables.
- Monitoring of daily borrowing levels.
- Conducting of short and long-term cash flow forecasts at regular intervals.
- The arrangement of short and long-term borrowing facilities from financial institutions.

The group's utilisation of general borrowing facilities was well within the maximum limits granted to the group.

30. Financial risk management (continued)

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 five years R'000	Total R'000
2014				
Borrowings	64 109	180 098	96	244 303
Trade and other payables	1 352 787			1 352 787
Shareholders for dividend	1 674			1 674
Bank*	98 140			98 140
	1 516 710	180 098	96	1 696 904
Group				
2015				
Borrowings	**54 251**	**36 690**	**5**	**90 946**
Trade and other payables	**1 156 318**			**1 156 318**
Shareholders for dividend	**1 747**			**1 747**
Bank*	**292 564**			**292 564**
	1 504 880	**36 690**	**5**	**1 541 575**
The company is an investment holding company and liquidity requirements is funded through dividend income from its subsidiaries.				
Company				
2014				
Bank*	–			–
Shareholders for dividend	1 674			1 674
	1 674			1 674
2015				
Shareholders for dividend	**1 747**			**1 747**
	1 747			**1 747**

* *Bank facilities are reviewed on an annual basis.*

Financial risk

The responsibility of the overall financial risk of the group vests with the board of directors who has an overall responsibility to ensure the group operates within acceptable risk parameters.

In exercising this responsibility, the board assess amongst others, the appropriate levels of capital investment on expansion projects, the quantum of dividend payments, and strategy on procurement of raw materials against the outlook of near and longer-term trading conditions.

The board is assisted in this function by the Audit and Risk Management Committee which also assess the business risks, as identified by management from time to time, and the appropriate compensating controls to manage and mitigate the impact of the risks.

Capital risk management

The group manages its capital to maintain a sound net debt position and to provide adequate return on capital employed.

The board of directors mandates the long-term capital structure of the group with debt to equity not to exceed a target of 43%.

The group continuously monitors its net debt to equity ratio.

30. Financial Risk Management (continued)

The debt of the group consist mainly of the following;

- Long-term loans by a Zambian subsidiary to fund the expansion of breeding facilities. The subsidiary generates sufficient cash and together from the benefits from the increased capacity the subsidiary is in position to service and repay the loans.
- A long-term loan by a South African subsidiary financing the construction of a new feed mill in Standerton. The feed mill supplies feed for internal requirements. The benefits from internally supplying feed from this low-cost production unit, will be sufficient to service and repay the loan.

The loan is subject to the following covenants:

- the group's net interest-bearing debt to shareholders funds should not exceed two times, and
- the group's EBITDA to net interest cover should not be less than 3,5 times.

Both 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	
	2015 R'000	2014 R'000
Total debt – refer to note 13	**375 983**	304 287
Less cash and cash equivalents – refer to note 9	**(319 149)**	(130 531)
Net debt	**56 834**	173 756
Equity	**2 371 580**	2 129 029
Total capital	**2 428 414**	2 302 785
Net debt to equity ratio (%)	**2,4**	8,2

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

	Group	
	2015 R'000	2014 R'000
31. Related party transactions		
Group		
The group purchases vitamin and mineral premixes for inclusion in the animal feed production process from an associate.		
Sales of goods and services		
Sales	**7 543**	7 874
Purchases	**227 846**	206 357
Outstanding balances at year-end		
Receivables	**3 521**	6 395
Trade payables	**23 218**	25 508
Directors' remuneration		
Details of directors' remuneration is given on page 112. Executive directors are eligible for an annual performance-related bonus payment linked to appropriate group targets. The structure and payments of bonuses are decided by the Human Resources, Remuneration and Nominations Committee.		
Details of share options granted to directors are given in the directors' Remuneration report.		
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 notes 32 to the financial statements.		
Company		
Dividend received from subsidiaries	**302 000**	198 570

Cross guarantees

A cross guarantee incorporating a pledge and cession of loan funds between the bank and group companies has been given by Astral Foods Limited, Astral Operations Limited, Meadow Feeds Eastern Cape (Pty) Limited, Meadow Feeds Standerton (Pty) Limited and Central Analytical Laboratories (Pty) Limited in respect of borrowings.

No value has been put on the cross guarantee, as a possible default event on the loans is regarded to be remote given expected forecast profitability and cash generation of the respective companies.

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	
		2015 R'000	2014 R'000	**2015 %**	2014 %	**2015 R'000**	2014 R'000
Unlisted investments							
Directly held							
Astral Operations Limited	a	**12**	12	**100**	100	**169 630**	169 350
National Chicks Limited	b	**23 720**	23 720	**100**	100	**63 993**	63 993
Africa Feeds Limited (Zambia)^	c	**24**	24	**100**	100	**172**	167
						233 795	233 510
Indirectly held							
Meadow Eastern Cape (Pty) Ltd	c			**100**	100		
Meadow Standerton (Pty) Ltd	c			**100**	100		
Meadow Moçambique Limitada*	c	**4 393**	4 393	**80**	80		
National Chicks Swaziland (Pty) Limited#	d	**1**	1	**67**	67		
Mozpintos Limitada*	d	**100**	100	**100**	100		
Progressive Poultry Limited^	d	**10**	10	**100**	100		

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

^ *Incorporated in Zambia.* * *Incorporated in Mozambique* # *Incorporated in Swaziland*

Nature of business

a – Animal feed and pre-mix production, broiler genetics and broiler breeding production, broiler operations, production and sale of day-old broilers and hatching eggs, retailer of animal health products and analytical services.

b – Investment holding

c – Animal feed production

d – Production and sale of day-old broilers and hatching eggs.

33. Events subsequent to statement of financial position date

A final dividend of 575 cents per share has been declared on the 11 November 2015. The payment of the dividend will be on 25 January 2016.

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

ANALYSIS OF ORDINARY SHAREHOLDERS

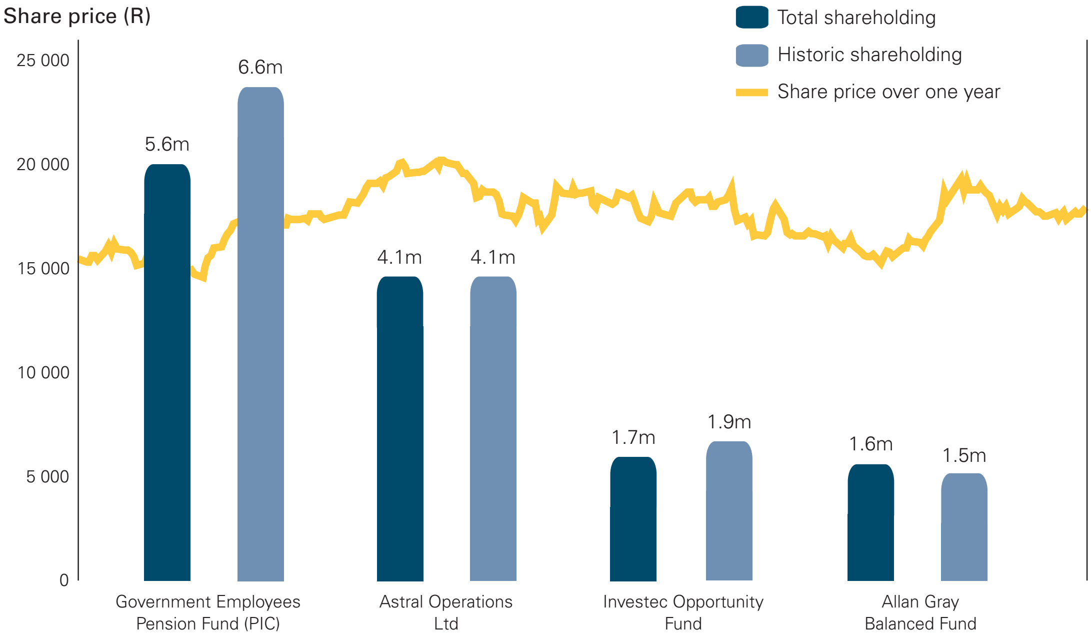
	Number of holders	% of total shareholders	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000 shares	2 653	71,90	839 049	1,96
1 001 – 10 000 shares	733	19,86	2 445 212	5,72
10 001 – 100 000 shares	234	6,34	7 471 571	17,47
100 001 – 1 000 000 shares	65	1,76	18 623 820	43,55
1 000 001 shares and above	5	0,14	13 381 633	31,29
Total	**3 690**	**100,00**	**42 761 285**	**100,00**

	Total shareholding	% of issued capital
DISTRIBUTION OF SHAREHOLDERS		
Unit trusts/Mutual funds	14 225 273	33,27
Pension funds	12 639 453	29,56
Corporate holding	4 088 577	9,56
Other managed funds	3 279 140	7,67
Private investor	2 311 799	5,41
Custodians	1 878 289	4,39
Insurance companies	1 634 780	3,82
Hedge funds	414 665	0,97
Sovereign wealth	328 293	0,77
Foreign government	203 451	0,48
University	132 137	0,31
Investment trust	38 362	0,09
Exchange-traded fund	30 455	0,07
Charity	19 100	0,04
Remainder	1 537 511	3,60
Total	**42 761 285**	**100,00**

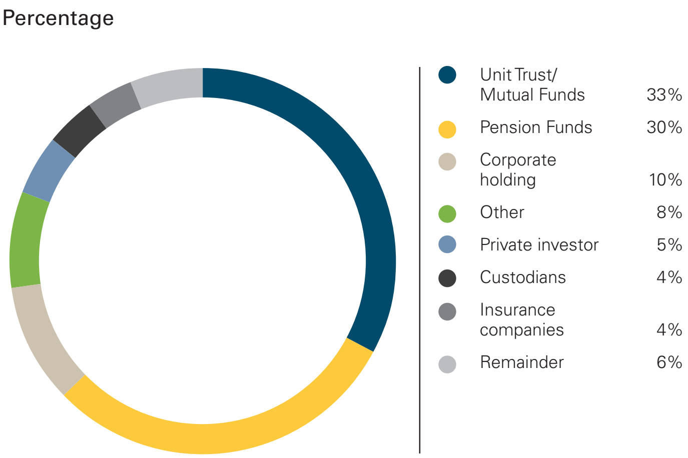
	Number of holders	% of total shareholders	Number of shares	% of issued capital
PUBLIC AND NON-PUBLIC SHAREHOLDERS				
	5	0,14	4 267 077	9,98
Directors and associates	4	0,11	183 500	0,43
Astral Operations	1	0,03	4 088 577	9,56
Public shareholders	3 685	99,86	38 494 208	90,02
Total	**3 690**	**100,00**	**42 761 285**	**100,00**

	Total shareholding	%
BENEFICIAL INTEREST ABOVE 3%		
Government Employees Pension Fund (PIC)	5 587 769	13,07
Astral Operations Limited	4 088 577	9,56
Investec Opportunity Fund	1 663 367	3,89
Allan Gray Balanced Fund	1 576 257	3,69
Total	**12 915 970**	**30,20**

BENEFICIAL SHAREHOLDING POSITIONS ABOVE 3% WITH 12-MONTH CHANGE



BENEFICIAL SHAREHOLDERS SPLIT BY CATEGORY



NOTICE OF ANNUAL GENERAL MEETING

Fifteenth annual general meeting

This document is important and requires your immediate attention

If you are in any doubt as to what action to take, please consult your stockbroker, Central Securities Depository Participant (CSDP), banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all your shares in the company please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Notice is hereby given that the fifteenth annual general meeting of members of Astral Foods Limited will be held in the Boardroom, 92 Koranna Avenue, Doringkloof, Centurion on Thursday 11 February 2016 at 08:00, to transact the following business: (Salient dates for the meeting are listed on page 174 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 2015, together with the directors' and auditors' 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, Mr DJ Fouché retires by rotation at the annual general meeting but, being eligible, has offered himself for re-election.

Brief particulars of the qualifications and experience of Mr Fouché is available on page 47 of this report.

Ordinary resolution number 3
To note that in terms of article 34.4.1 of the company's memorandum of incorporation, Mrs TM Shabangu and Mrs TP Maumela 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 46 and 47 of this report.

Reappointment 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:

Mr IS Fourie	(Independent non-executive director)
Mr D Fouché	(Independent non-executive director)
Mrs TM Shabangu	(Independent non-executive director)

The above members will hold office until the next annual general meeting and will perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III report and will perform such other duties and responsibilities as may from time to time be delegated by the board of directors of the company and all subsidiary companies. Dr Eloff resigned as member of the committee in November 2015 and Mr Macdonald will resign with effect from 11 February 2016. Mr D Fouché was appointed as member of the committee with effect from 12 November 2015.

Brief particulars of the qualifications and experience of the above are available on pages 46 and 47 of this report.

Reappointment 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:

Mr GD Arnold	(Executive Director)
Mr LW Hansen	(Executive Director, Astral Operations Limited)
Mrs TP Maumela	(Independent non-executive director)

The above members will hold office until the next annual general meeting and will perform the duties and responsibilities stipulated in regulation 43(5) of the Companies Regulations and will perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies. Dr Eloff resigned as chairman and member of the committee with effect from 11 November 2015 and Mrs Maumela was appointed as chairman in his stead.

Brief particulars of the qualifications and experience of the above are available on pages 46 and 47 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 Mr D von Hoesslin as the individual designated auditor) for the 2016 financial year.

Authority for determination of auditors' 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 64 to 67 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 fifteenth annual general meeting of the company.

Special business

To consider and, if deemed fit, to pass, with or without modification, the following resolutions in the manner required by the Companies Act No. 71 of 2008, ("the Act") and subject to the 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 2015 and until the date of the next annual general meeting, the remuneration of the chairman who holds office from time to time (other than those directors in the employ of the company) be as follows:

	Fixed fee per annum 2016 R'000	Fixed fee per annum 2015 R'000
Chairman of the board	**950**	563

Special resolution number 1 is proposed in order to comply with the requirements of the Act and the company's memorandum of incorporation.

The proposed remuneration is considered to be fair and reasonable and in the best interests of the company."

Reason for and effect of special resolution number 1

The reason and effect of special resolution number 1 is to grant the company the authority to pay remuneration to its chairman for his services as chairman.

Special resolution number 2

"Resolved to approve that in terms of article 41.1 of the company's memorandum of incorporation, with effect from 1 October 2015 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 directors in the employ of the company) be as follows:

	Fixed fee per annum 2016 R'000	Fixed fee per annum 2015 R'000
Member of the board	**271**	225
Chairman of the Audit and Risk Management Committee	**200**	170
Member of the Audit and Risk Management Committee	**105**	89
Chairman of the Human Resources, Remuneration and Nominations Committee	**160**	160
Member of the Human Resources, Remuneration and Nominations Committee	**89**	84
Chairman of the Social and Ethics Committee	**102**	160
Member of the Social and Ethics Committee	**40**	40

Special resolution number 2 is proposed in order to comply with the requirements of the Act and the company's memorandum of incorporation.

The proposed remuneration is considered to be fair and reasonable and in the best interests of the company."

Reason for and effect of special resolution number 2

The reason and effect of special resolution number 2 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 3

"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 3

The reasons for special resolution number 3 are that the company is a listed holding company with a number of subsidiary companies which together comprise the Astral group of companies. Astral is not an operating company and all operations in the Astral group are conducted by subsidiary companies of Astral.

Astral is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary companies including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Astral seeks approval for the board of the company until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its memorandum of incorporation and the provisions of the Companies Act.

The effect of special resolution number 3 is that the directors of the company will be granted the authority until the next annual general meeting to authorise the provision by the company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries.

Compliance with section 45(3)(b) of the Companies Act

The directors of Astral will, in accordance with section 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, *inter alia*, that immediately after providing the financial assistance, the company satisfies the solvency and liquidity test set out in section 4(1) of the Companies Act.

Voting and proxies

All ordinary resolutions will, in terms of the Companies Act, require the support of more than 50% of the voting rights of members exercised thereon at the annual general meeting to be approved. All special resolutions will require the support of at least 75% of the total voting rights exercised thereon at the annual general meeting to be approved.

On a show of hands a member of the company present in person or by proxy shall have only 1 (one) vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of members he represents have only 1 (one) vote. On a poll a member who is present in person or represented by proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the company.

A member entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in place of that member. A proxy need not be a member of the company.

Registered holders of certificated Astral shares and holders of dematerialised Astral shares in their own name and who are unable to attend the annual general meeting and who wish to be represented at the meeting, must complete and return the attached form of proxy in accordance with the instructions contained in the form of proxy, so as to be received by the share registrars, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) by no later than 08:00 on Wednesday 10 February 2016.

Holders of Astral shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant (CSDP) or broker to enable them to attend and vote at the annual general meeting or to enable their votes in respect of their Astral shares to be cast at the annual general meeting by that nominee or a proxy or a representative. The completion of the form will not preclude the member from subsequently attending the annual general meeting.

The directors have not made any provision for electronic participation at the annual general meeting.

By order of the board

Maryna Eloff
Company secretary

Pretoria
11 November 2015

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 2015 to shareholders, together with the reports of the directors and the auditors. These are contained within the integrated annual report.

2. Re-election of directors

In accordance with the company's memorandum of incorporation, one-third of the non-executive directors are required to retire at each annual general meeting and may offer themselves for re-election. Mr DJ Fouché is required to retire in accordance with article 34.3 of the company's memorandum of incorporation and offers himself for re-election. Mrs TM Shabangu and Mrs TP Maumela retire from the board in accordance with article 34.4.1 of the company's memorandum of incorporation and offer themselves for re-election.

Brief particulars of the qualifications and experience of the above are available on pages 46 and 47 of this report.

The board of directors of the company has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of the directors listed above. It is the view of the board that the re-election of the candidates referred to above would enable the company to:

- Responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- Comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent non-executive directors on the board.

Accordingly, the board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolution number 2 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; and
- adequately keep up to date with key developments affecting their required skills set.

For further details regarding the performance of the Audit and Risk Management Committee, please refer to the report of the Audit and Risk Management Committee which appears on pages 108 to 110.

4. Reappointment of independent auditor

PricewaterhouseCoopers Incorporated has communicated its willingness to continue in office and resolution 6 proposes the reappointment 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.

5. Determination of auditors' remuneration

In terms of the Audit and Risk Management Committee's charter the committee is responsible for the approval of the terms of engagement and remuneration for the external audit engagement.

6. Vote on remuneration policy

Astral's remuneration report is contained in pages 64 to 67 of this integrated report.

Chapter 2 of King III dealing with board and directors requires companies annually to table their remuneration policy to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

Ordinary resolution number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However the board will take the outcome of the vote into consideration when considering the company's remuneration policy.

7. Signature of documentation

Authority for any one director or the company secretary to sign documentation to give effect to all ordinary and special resolutions passed at the annual general meeting.

8. Remuneration payable to non-executive directors

Special resolution number 1 is required to obtain the approval of the company in general meeting of the fees payable to the non-executive chairman. Fee increases are only implemented after formal approval by shareholders.

The Human Resources, Remuneration and Nominations Committee agreed to implement a **flat fee** to be paid to the chairman of the board as he was required to attend all the meetings of the board and sub-committees. Previously he was paid a fee as chairman of the board and for membership of certain sub-committees. As at 30 September 2015, the chairman of the board was also the chairman of the Social and Ethics Committee and a member of the Audit and Risk Management Committee and the Human Resources, Remuneration and Nominations Committee and also chaired the Nominations section of that committee.

Special resolution number 2 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.

These resolutions are 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 64 to 67 and page 58 of this integrated annual report.

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 11 February 2016

REPORTS AND ACCOUNTS

Interim report for the six months ending 31 March 2016	May 2016
Announcement of annual results for the year ending 30 September 2016	November 2016
Integrated annual report	December 2016

DIVIDENDS

Ordinary dividend No. 29 of 575 cents per share	
Last date to trade cum dividend	Friday 15 January 2016
Shares commence trading ex-dividend	Monday 18 January 2016
Record date	Friday 22 January 2016
Payment of dividend	Monday 25 January 2016
Interim dividend – March 2016	
Declaration	May 2016
Payment	June 2016
Final dividend – September 2016	
Declaration	November 2016
Payment	January 2017

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 4 December 2015
Notice posted to shareholders on (note 3)	Monday 14 December 2015
Record date for attending and voting at annual general meeting "Meeting Record Date"	Friday 5 February 2016
Last day to trade in order to be eligible to participate and vote at the annual general meeting	Friday 29 January 2016
Last day for shareholders to lodge forms of proxy for the annual general meeting by 08:00	Wednesday 10 February 2016
Annual general meeting to be held at 08:00	Thursday 11 February 2016
Results of annual general meeting to be released on SENS	Friday 12 February 2016

Notes

1. *All times referred to in this notice are local times in South Africa.*
2. *Any material variation to the above dates and times will be announced on SENS and published in the press.*
3. *The board of directors of Astral has determined that the record date for the purpose of determining which shareholders of the company are entitled to receive notice of the fifteenth annual general meeting is Friday 4 December 2015 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 5 February 2016. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday 5 February 2016 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 helpline on 0800 202 363 or +27 11 373 0038 if you are phoning from outside South Africa, or email charityshares@computershare.co.za.

FORM OF PROXY

A leading Southern African integrated poultry producer

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 fifteenth annual general meeting of the company to be held at 92 Koranna Avenue, Doringkloof, Centurion on Thursday 11 February 2016.

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 11 February 2016, 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 resolutions and any amendments thereto that are within the scope of the notice convening the meeting.

Signature

Signed this day of 2016

*(*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 2015			
2.	To re-elect Mr DJ Fouché as director			
3.1	To re-elect Mrs TM Shabangu as director			
3.2	To re-elect Mrs TP Maumela as director			
4.1	To re-elect Mr IS Fourie as member of the Audit and Risk Management Committee			
4.2	To re-elect Mr DJ Fouché as member of the Audit and Risk Management Committee			
4.3	To re-elect Mrs TM Shabangu as member of the Audit and Risk Management Committee			
5.1	To re-elect Mr GD Arnold as member of the Social and Ethics Committee			
5.2	To re-elect Mr LW Hansen as member of the Social and Ethics Committee			
5.3	To re-elect Mrs TP Maumela as member of the Social and Ethics Committee			
6.	To re-appoint PricewaterhouseCoopers Inc. as auditors for the 2016 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 the non-executive chairman			
11.	**Special resolution number 2** To approve the remuneration payable to non-executive directors			
12.	**Special resolution number 3** To authorise the directors to approve actions related to transactions amounting to financial assistance			

NOTES TO FORM OF PROXY

A shareholder may insert the name or the names of two alternative proxies of his/her choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the company, is entitled to attend, speak and vote on behalf of the shareholder.

A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the annual general meeting be proposed, the proxy shall be entitled to vote as he 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 10 February 2016.

Documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached hereto unless previously recorded by the company's transfer secretaries.

The completion and lodging of this form of proxy will not preclude a shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this proxy form.

Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

The chairman of the meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes.

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat. This must be done by the cut-off time as requested by the CSDP or broker.

ADMINISTRATION

Astral Foods Limited
(a limited liability company incorporated in the Republic of South Africa)
Registration number: 1978/003194/06
Share code: ARL
ISIN number: ZAE000029757

Registered office
92 Koranna Avenue
Doringkloof
Centurion
0157

Postal address
Postnet Suite 278
Private Bag X1028
Doringkloof, 0140
Telephone +27(0) 667 5468
Telefax +27(0) 667 6665
Email: contactus@astralfoods.com

Website address
http:/www.astralfoods.com

Auditors
PricewaterhouseCoopers Inc.

Principal banker
Nedbank Limited

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

Transfer secretaries
Computershare Investor Services Proprietary 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
E Potgieter
CE Schutte
RJ Steenkamp

Africa Feeds Limited (Zambia)
Registration number: 36327
Directors: GD Arnold
TD Banda*
NR Mwanyungwi*
GNH Robinson*
RJ Steenkamp
** Zambian*

Meadow Feeds Eastern Cape Proprietary Limited
Registration number: 2003/021458/07
Directors: GD Arnold
DD Ferreira
CE Schutte
CL Sexton

Meadow Feeds Standerton Proprietary Limited
Registration number: 2003/021462/07
Directors: GD Arnold
DD Ferreira
CE Schutte

Meadow Moçambique Limitada
Registration number: 5710/MP/G/2001
Directors: GD Arnold
P Langenhoven
RJ Steenkamp
JR Tinga*
** Mozambican*

Mozpintos Limitada
Registration number: 100228777
Directors: GD Arnold
P Langenhoven
RJ Steenkamp

National Chicks Swaziland
Registration number: 94/63894/07
Directors: GD Arnold
A Geldard
RJ Steenkamp

Progressive Poultry Limited
Registration number: 70163
Directors: GD Arnold
TD Banda*
RJ Steenkamp
**Zambian*

Astral Foods East Africa Share Company
Registration number: 0913143576
Directors: GD Arnold
RJ Steenkamp


www.astralfoods.com