ASTRAL

A leading Southern African integrated poultry producer

integrated report

for the year ended 30 September

2016

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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

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ASTRAL

A leading Southern African integrated poultry producer

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Astral 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 approximately 12 500 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.

Astral is a leading southern African integrated **poultry producer**

integrated report for the year ended 30 September 2016

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 2016. 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 2015 to 30 September 2016. This report was approved by the board on 16 November 2016.

Materiality

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

Assurance

The report as a whole is not independently assured and the board will consider full/partial 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 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 audit opinion on the fair presentation of the group's annual financial statements.

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

Scope

The scope of the Astral integrated annual report includes the group's three divisions and key functions. With respect to comparability, all significant items are reported in a consistent manner with the previous financial year, with no major restatements. 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
Chairman

Chris Schutte
Chief Executive Officer

16 November 2016

Contact

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Maryna Eloff – Group Company Secretary
maryna.eloff@astralfoods.com
(012) 667 5468

financial highlights

Revenue

6.1%

Operating profit

50.1%

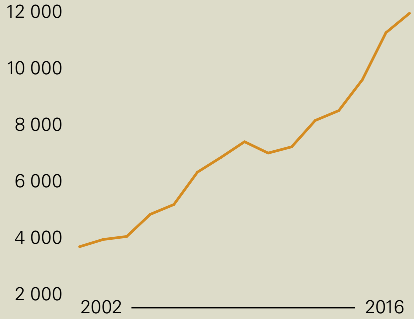
Headline earnings per share

52.1%

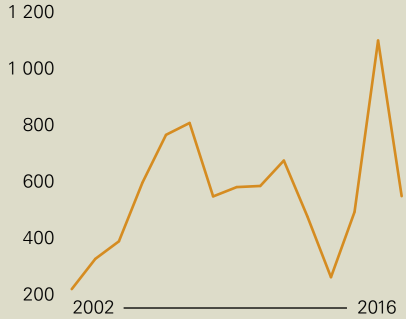
Total dividend per share

490c

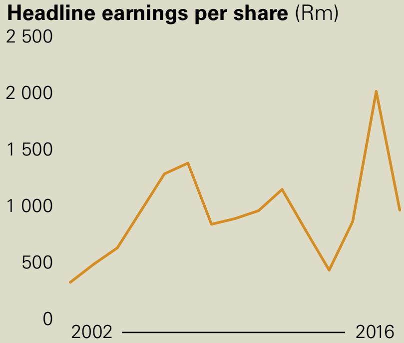
Revenue (Rm)



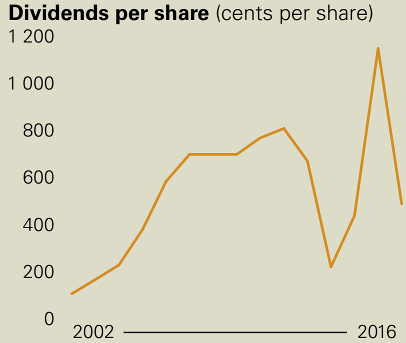
Operating profit (Rm)



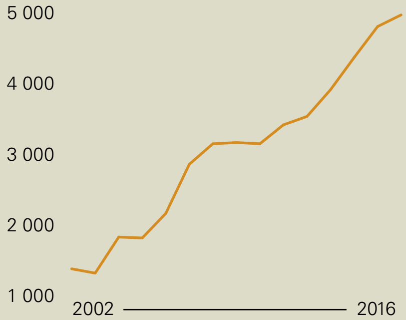
Headline earnings per share (Rm)



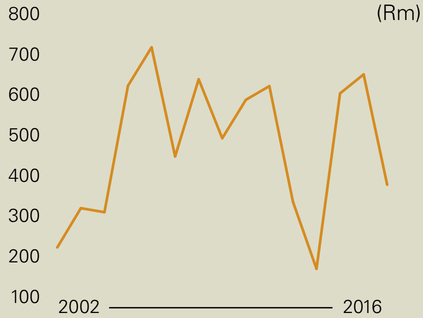
Dividends per share (cents per share)



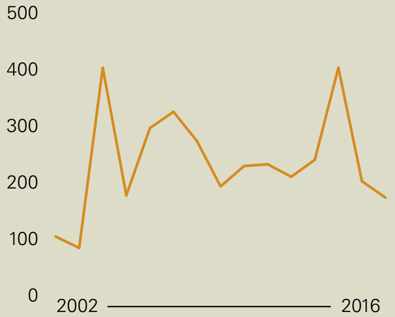
Total assets (Rm)



Cash generated from operating activities (Rm)



Capital investment (Rm)



group activities

Integrated broiler operations

We have four fully integrated broiler production, processing, distribution, sales and marketing operations with a combined processing capacity of 5 175 000 processed broilers per week made up as follows:

County Fair	1 600 000
Festive	1 485 000
Goldi	1 900 000
Mountain Valley	190 000

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.

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 multi-national 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.

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 (Pty) Limited, a company that manufactures and markets vitamin and mineral premixes for animal feed as well as a wide range of feed additives as well as commodity and speciality raw materials.

Laboratory services

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

Profile

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

POULTRY

R9 129m

REVENUE
(2015: R8 739 million)

FEED

R7 190m

REVENUE
(2015: R6 236 million)

OTHER AFRICA

R515m

REVENUE
(2015: R494 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
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.

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

Two **animal feed mills** situated in Mozambique and Zambia.

strategic focus

to be a **best cost integrated poultry producer** in selected African countries

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 an industry leading track record supported by skills development programmes through leading tertiary institutions

stability

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

regional and national footprint

Well positioned relative to major growth areas of the country, close to the supply of strategic raw materials and the demand for our products

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 with assets and human resources to support a sustainable business

group structure

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

business model

integrated across the animal feed and poultry production chain

inputs

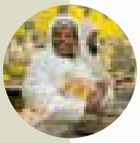
(what we have)

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

Astral as an integrated poultry producer

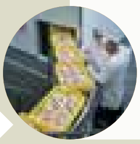
processing

Standerton



Olifantsfontein

Camperdown



Agter-Paarl

brands

outputs

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

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 **efficiencies**.

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 with a strong sense of **self-regulation** and **high ethical standards**.

strategic focus areas

our approach to sustainable value creation

	MATERIAL FOCUS AREAS	OPERATIONAL/STRATEGIC RESPONSE	
economic	**Operational efficiencies**	Vertical integration	Optimising Ross 308 genetic potential
	Income and growth	Increase processing capacity	Market segment participation
	Cost and cash management	Best cost approach	Reduce impact of administered cost increases
	Business risk	Regulatory compliance	Internal control environment
social	**Human rights**	Compliance policies	Code of ethics
	Employees	Skills development – CEO Pinnacle Programme	Staff retention
	Equality, empowerment and transformation	Preferential procurement	Overall BBBEE rating
environment	**Regulatory compliance**	Underlying environmental policy	Environmental risk assessments
	Alternative energy sources	Waste to energy solutions	Establish carbon emissions baseline
	Resource optimisation	Waste management	Electricity management
external relationships	**Strategic alliances**	Membership of industry bodies	Strategic local and international partners
	Clients and customers	Brand awareness	Product responsibility
	Corporate social investment	Wellness programme	Community investment
	Stakeholder engagement	Integrated reporting	Continuous, open and transparent communication
products	**Quality standards from farm-to-fork**	HACCP and ISO certifications	Product traceability
	Compliance audits	Quality audits	Quality audits conducted by customers
	Consumer Protection Act	Standard operating procedures	Group compliance policy

OPERATIONAL/STRATEGIC RESPONSE			
Information management	Optimise farm performances	Mechanisation	
Product innovation	Integrated planning	Feed milling capacity	African expansion
Sound working capital management	Maintain a strong balance sheet		
Internal and external audits	Policies and procedures		
Occupational health and safety			
Leadership and senior management succession planning	Workplace improvement programme		
Employment equity			
Environmental impact assessments	Responsibility to monitor emissions		
Sustainability reporting			
Land management			
Preferred suppliers			
New products			
Investor roadshows	Press releases	SENS reporting	
Hygiene programmes			

business overview

SOUTH AFRICA	
BUSINESS	**ACTIVITIES**
FESTIVE	Festive – This processing facility is located in Standerton (Mpumalanga). It has its own breeding and hatching operation and process approximately 1.485 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 and Delmas – supplies feed to the integrated broiler operation.
GOLDI	Goldi – This processing facility is located in Olifantsfontein (Gauteng). It has its own breeding and hatching operation and process approximately 1.9 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 Delmas and Standerton – supplies feed to the integrated broiler operation.
MOUNTAIN VALLEY	The Mountain Valley abattoir situated in Camperdown, provides us with a strategic processing presence in KwaZulu-Natal processing 190 000 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 1.6 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 bio-security and production processes to ensure the delivery of disease-free genetic material to the South African poultry industry.
MEADOW FEEDS	Acknowledges and supports consumers' increased awareness and demand for ethical practices leading to safer food and product quality guarantees. This is increasingly relevant to modern agriculture with commercial and emerging farmers demanding the very best in animal feed. The application of world-class technology, production standards in feed safety and production methods ensure that Meadow delivers what farmers require most – good value, safe feed and superior yields.
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	
BUSINESS	**ACTIVITIES**
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 on-site nutritional service has greatly contributed to the growth and the profitability of farmers and the establishment of new farmers through training and after-sales support programmes. All products conform to the quality assurance standards of the Zambian Bureau of Standards and are backed by an array of quality assurance systems.
MOZPINTOS	A 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.

production

Astral processes more than
250 million broilers per annum
through 4 HACCP approved abattoirs

overview by the chairman

Theuns Eloff

2016 – the most eventful year in democratic South Africa's history?

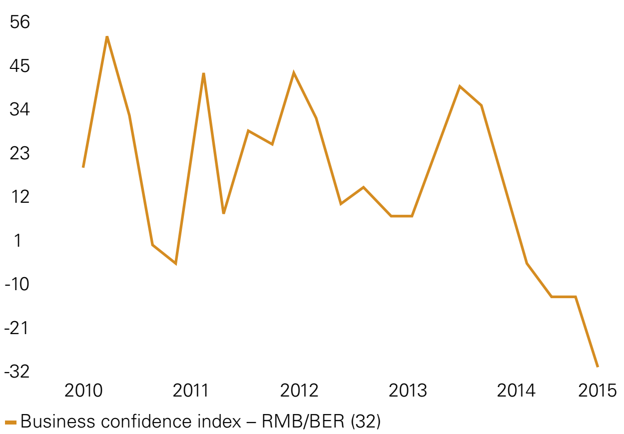
The past year saw some of the most ground breaking developments in the history of post-apartheid South Africa. There is good news in the fact that the local government elections in August were free and fair yet again, and that, by and large, all parties accepted the outcomes of the elections. These outcomes indicated a shift especially in urban voters' thinking, presenting all parties with new challenges. One can state without fear of repudiation that our democracy has broadened and strengthened.

On the other hand, the country remained in the grip of political instability and policy uncertainty, both of which are not good for business confidence. It is estimated that South African companies have cash reserves of around R600 billion. If this were to be unlocked and productively used, it could help lift the country out of its economic and socio-economic doldrums.

The political challenges, however, are especially difficult. The most disconcerting of these was the November 2016 report on "state capture" by the Public Protector. The last word on this report has not been spoken, but its contents, allegations of state capture and networks of patronage were enough for civil society, business leaders and the governing party itself to raise serious concerns about the country's leadership and future. The fact that the minister of finance has been under pressure from the National Prosecuting Authority, adds to this toxic mix of uncertainty and cloak and dagger drama. The #FeesMustFall campaign hindered most universities from completing their academic year uninterrupted and successfully.

In this rather bleak picture, there are also some rays of sunshine. The judiciary, and specifically the Constitutional Court, remain stalwart defenders of the Constitution. Most of the so called chapter nine institutions are standing strong, as do the Treasury and the Reserve Bank. Civil society is awakening, and even senior business leaders are airing their views. Ordinary South Africans seem determined not to be neutralised in the issues about the country's future.

Business confidence index – RMB/BER
Quarterly 31/12/2010 – 30/06/2016



Arguably one of South Africa's top priorities is stimulating the economy and creating jobs. In the recently published World Bank report, Doing Business 2017, conducted in 190 countries, South Africa is ranked number 75, behind Mauritius, Rwanda and Botswana. The report provides quantitative measures grouped into eleven indicator sets: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency, and labour market regulation. As a country, South Africa is clearly not doing enough to create a business friendly environment.

In Astral's own operating environment, there are additional challenges. Although the provision of electricity by Eskom seems to have stabilised, the capacity of local authorities to provide that electricity to consumers and businesses, is under pressure, mainly because of a lack of maintenance and ageing infrastructure. A bigger emerging problem is the availability of clean water, not only because of the effects of the drought, but also because of the breakdown in water and sanitation related infrastructure of local authorities.

The global environment

Astral does not operate in isolation. Our business is impacted by international trends and the global environment. The latest IMF world economic outlook projects global growth to slow to 3.1% in 2016 before recovering to 3.4% in 2017, reflecting a more subdued outlook for advanced economies following the United Kingdom Brexit vote and weaker-than-expected growth in the United States. From a macroeconomic perspective, the Brexit vote implies a substantial increase in economic, political, and institutional uncertainty, which is projected to have negative macroeconomic consequences, especially in advanced European economies.

But with the event still unfolding, it is very difficult to quantify its potential repercussions. As a result of the uncertainty associated with Brexit, the global outlook for 2016/17 has worsened, despite the better-than-expected performance in early 2016. The election of Donald Trump as the next president of the USA, will not change this outlook in the short-term.

The IMF further states that market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. Growth in emerging market and developing economies is expected to strengthen slightly in 2016 to 4.2% after five consecutive years of decline.

A number of factors caused the past year to be one of the most difficult in Astral's history. Our biggest input cost factor, **yellow maize, rose spectacularly to over**

R4 000

per ton,
due to severe drought.

overview by the chairman

(continued)

IMF GDP statistics and projections

	2014	2015	2016E	2017F
World output	3.4	3.2	**3.1**	3.4
Advanced economies	1.9	2.1	**1.6**	1.8
United States	2.4	2.6	**1.6**	2.2
Euro area	0.9	2.0	**1.7**	1.5
United Kingdom	3.1	2.2	**1.8**	1.1
Emerging economies	4.6	4.0	**4.2**	4.6
Russia	0.7	(3.7)	**(0.8)**	1.1
China	7.3	6.9	**6.6**	6.2
India	7.2	7.6	**7.6**	7.6
Brazil	0.1	(3.8)	**(3.3)**	0.5
Nigeria	6.3	2.7	**(1.7)**	0.6
South Africa	1.6	1.3	**0.1**	0.8

Prices of global agricultural commodities have increased by 9% overall since February 2016. Food prices rose by 7%, with increases in most food items, such as wheat and corn. Food prices are projected to increase by a further 2% by the end of 2016 and to remain broadly unchanged in 2017. Risks to food prices are associated with variability. Most weather forecasters are predicting La Niña conditions, which tend to result in above average rainfall for the Southern Hemisphere with a positive impact expected on the maize and soya crops being planted. The current outlook for the 2016/17 South African maize crop is considerably better than last year and South American crop forecasts are looking set to maintain the favourable global stock levels. Unfortunately, La Niña also tends to result in drier conditions in the Northern Hemisphere, which may negatively affect the crops in the United States next year.

Highlights of Astral's past year

A number of factors caused the past year to be one of the most difficult in Astral's history. Our biggest input cost factor, yellow maize, rose spectacularly to over R4 000 per ton, due to the severe drought. Astral's ability to recover these mammoth costs from the consumer was severely limited, due to the sluggish economy and the pressure consumers are under. Another factor was large poultry imports, some of them classical dumping, with import tariffs measures having very little or no effect. Poultry imports are equal to almost 30% of South African production and remain a destroyer of jobs in South Africa.

Despite these factors, Astral still succeeded in producing one of the best financial results in the past six years, with profit before income tax (PBIT) at R548 million. Although this was 50% lower than the R1.1 billion posted in the 2015 financial year, it was still higher than the 2014 PBIT of R480 million. The board is of the opinion that this is a remarkable performance by the company and its management under very difficult circumstances. There are various reasons for this performance, but efficiency, a low cost culture and good management and leadership are at the top of the list. In addition, Astral has a well-managed raw material and especially maize procurement strategy, which assisted largely in keeping commodity input costs lower than what otherwise would have been the case.

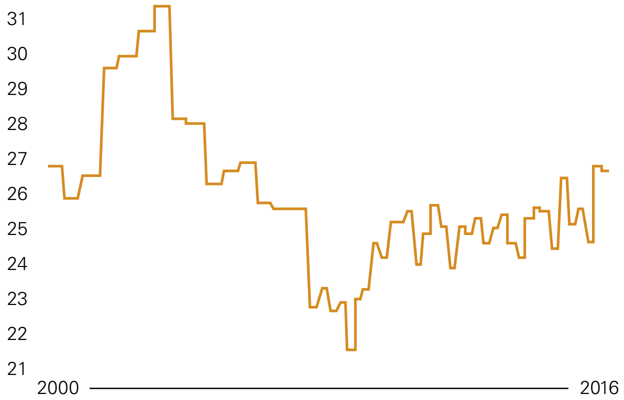
Corporate governance

As usual, the Astral directors conducted the performance self-assessments, as well as assessments of fellow directors' performance. The same was true of board committees, the board itself, the Chairman, the Chief Executive and the Company Secretary. The board had open and robust discussions not only on the letter of the King III principles, but also their spirit.

During the financial year, three long standing members of the board left Astral. Mr Malcolm McDonald, a true stalwart of corporate governance, left in February 2016. He served as Chairman of the Audit and Risk Management for many years and his experience will be missed. Dr Obed Lukhele, the group Veterinarian, decided to focus more on his career inside Astral and did not make himself available for re-election in February 2016. Mr Stefan Fourie, another long-standing member of the Board, resigned for personal reasons in June 2016. As board member and Chairman of the Audit and Risk Management Committee for the past year, he made a huge contribution to Astral's good corporate governance. On behalf of the board, I thank these gentlemen for their valuable and thoughtful input into board activities. We wish them well in their future endeavours.

Fortunately, they will be succeeded by replacements who will be able to fill their shoes adequately. The head of the Feed division, Mr Andy Crocker, joined the board at the beginning of the year. Andy will bring much needed expertise and experience about one of Astral's most important cost factors to the board. The board also welcomed Dr Theunie Lategan as new member in November 2016. His extensive experience in the financial

Official unemployment rate ILO
Monthly 31/01/2000 – 30/06/2016



Official unemployment rate ILO (26.6)

and banking world will undoubtedly bring even more insight and wisdom to the board. We welcome the two new directors.

Mr Diederik Fouché, a former partner at PWC, and non-executive director since November 2015, was unanimously elected as Chairman of the Audit and Risk Management Committee.

The board conducted its annual strategic review in early April 2016, confirming its present strategy to be the best cost integrated producer in selected African countries.

What does the future hold?

According to the IMF and most local economists, the estimated GDP growth for South Africa for 2016 is 0.1%. The outlook for 2017 is better at 0.8%, but far below the trend for emerging economies (4.6%), albeit better than Nigeria and Brazil. Headline inflation is set to peak at around 6.5% in 4Q16, before easing in 2017. Food inflation is expected to peak at around 12% in 4Q16, before decelerating substantially from early 2017 onwards. The Rand is to remain volatile, driven by global as well as domestic developments. It will again be impacted by political circumstances, both positive and negative. Furthermore, one should expect the Rand to underperform other emerging markets, driven primarily by South Africa's poor economic growth outlook and pressure on the balance of payments.

2017 will see South Africa remain in political and policy uncertainty, as issues around the country's political leadership play themselves out. Most governance factors that were impacting negatively on business during 2016 (such as electricity provision, water provision and service delivery) will remain. In other African countries, circumstances will also remain difficult. This is especially true of Mozambique, which is slipping further into financial and political difficulties. Looking forward, the prospect of normal rainfall in 2016/17 is one positive aspect, as are good maize crops expected elsewhere in the world.

Business in general, and Astral specifically, will have to contend with all of these challenges, and focus on functioning optimally under the circumstances. Astral's strategy of being the best cost integrated producer in selected African countries will serve it well.

Conclusion

Astral as an agricultural company is a cyclical business. Our long-term shareholders understand this, and we thank them for that support. They also appreciate the excellent and effective management of Astral by Chris Schutte and his team. As a company, we are privileged to have one of the best management teams in the country. Even though we can look forward to slightly better agricultural conditions for the 2017 financial year, we will still face a host of challenges. "Sterkte" with these.

Astral's board showed its usual dedication and commitment to the company during the past difficult year. Thank you for that. I know that Astral can count on you to do the same in the year ahead – we will need it!

Theuns Eloff
Chairman

Pretoria
16 November 2016

chief executive officer's report

Chris Schutte

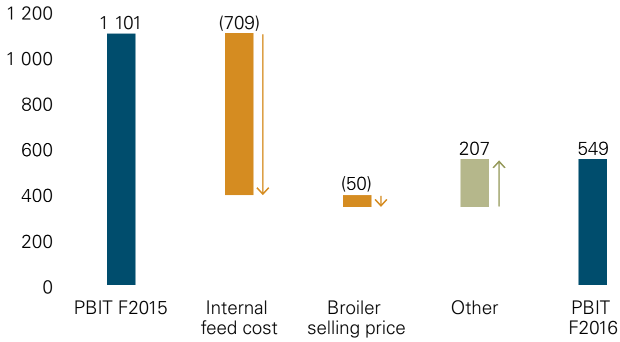
Introduction

Astral's 16th integrated report provides an overview of the results for the year under review, illustrating the group's financial and operational performance and achievements, but also highlights how the business has performed within the macro-environment in which it operates.

The local poultry industry faced extreme headwinds during the reporting period after a brief respite in F2015. What followed were challenging poultry market conditions that continue to place pressure on the group's potential to generate optimal results. Astral reported a 50% decrease in profitability over the prior year's record performance, predominantly due to a substantial increase in feed costs which could not be recovered in poultry selling prices. The imbalance in supply and demand of poultry, caused by excessive levels of poultry imports, placed tremendous pressure on local poultry selling prices.

The impact on the profitability for the period under review relative to the prior year is graphically illustrated below. It is evident that the dramatic increase (R709 million) in the poultry feed cost to the group was not recovered through the selling price of poultry as poultry revenue was negatively impacted by R50 million on the back of a 0.6% decrease in prices year-on-year. The contribution of poultry selling to revenue should have reflected an increase if it were to recover the higher input cost of feed. The positive contribution of R207 million categorised as "Other" is the combination of an increase in poultry sales volumes which contributed to higher poultry revenue, higher revenue in the Feed division and other African Operation revenue, set off against an annual increase in total operating expenses.

Astral PBIT – Relative movement F2015 vs F2016 (R'million)



The period under review and the financial results achieved, reflect the impact that adverse macro-economic conditions and industry challenges have had on the business.

- Feed costs reached record highs as the **worst drought since 1904** was recorded.
- Record levels of poultry imports equivalent to **43%** of local production.
- Higher input costs could not be recovered due to an **imbalance in supply and demand.**
- Further improvement in production results negating some of the **increased feed costs.**

Local food inflation continued its upward trend driven largely by the drought. In stark contrast, **poultry prices**

decreased

marginally over the same period, indicative of the imbalance in the supply and demand for poultry meat.

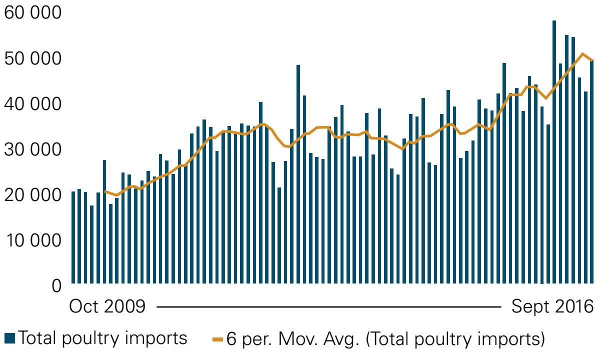
chief executive officer's report

(continued)

The period in perspective

The flood of poultry imports into the country continued unabated, increasing 20% year-on-year to end September 2016. This included a further increase in imports from the European Union (EU), and on the back of a weakening local currency points to classic dumping of bone-in portions. Imports originating under the African Growth and Opportunity Act (AGOA) agreement remained below the agreed quota and have been seen to be additive to those volumes traditionally imported from Brazil and the EU. Total poultry imports peaked at an unprecedented 57 673 tons in March 2016, the equivalent of 10.3 million birds per week or approximately 55% of local production.

Total imports in tons per month



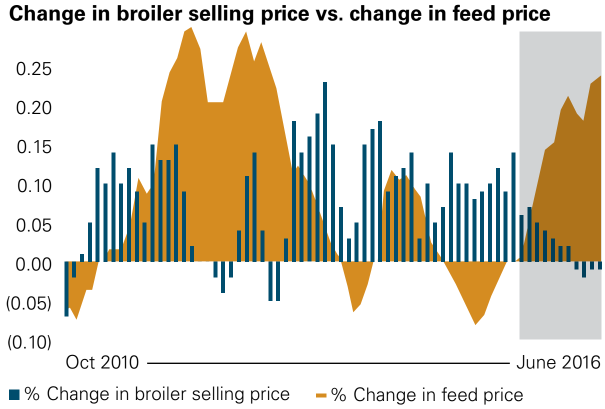
Source: South African Poultry Association (SAPA)

Although short-term production cut-backs were evident across the industry, the number of birds slaughtered remained relatively flat at an average of 19.2 million birds per week. However, in combination with the higher level of poultry imports an imbalance in supply and demand was experienced by the industry. This negatively affected the ability of poultry producers to adjust pricing to recover high input costs, exacerbated further by low economic growth, the weakened buying power of the consumer, rising unemployment and high inflation.

South Africa experienced the worst drought since 1904 coupled with the strongest El Niño on record. Two consecutive years of below average production and an estimated maize crop of only 7 537 million tons for the current marketing year, has necessitated the importation of a projected 3.0 million tons of maize. Dependent on maize imports, the volatile and depreciating Rand has negated any benefits of lower international grain prices for local poultry producers. Local maize prices reached record highs in January 2016.

Due to timely imports of maize and soymeal, Astral was able to contain the feed cost increase to less than 18%, which compares favourably with SAFEX related pricing. The feeding cost to rear a broiler to slaughter age made up 67% of the total live bird cost for the period under review, whilst the feed required per kilogram of live weight produced improved relative to the prior year. This negated some of the increase in the feed cost.

Change in broiler selling price vs. change in feed price



Source: SAPA and own data

Local food inflation continued its upward trend driven largely by the drought. In stark contrast, poultry prices decreased marginally over the same period, indicative of the imbalance in supply and demand for poultry meat.

SA Food Price Index vs. Broiler Selling Price Index

Index (October 2009 = 100)
Source: SAPA CJA Strategic Risk Brokers

Astral continued to focus on variables within its control, specifically improving bird performance in the areas of weight for age and feed conversion efficiency. This allowed Astral to contain some of the impact of rising feed costs on the production cost of a broiler.

Municipal infrastructure weaknesses, particularly with water supply, continued to play havoc with a number of Astral's manufacturing and processing facilities. The availability of adequate water of suitable quality remains a primary concern for Astral.

Zambia's profitability improved despite continued challenging trading conditions over the period, characterised by a volatile local currency, poor electricity supply and high raw material prices. The increased cost of feed in the country had a negative impact on the demand from the small scale market for both feed and day-old chicks.

The sharp depreciation of the Mozambique Metical and the shortage of foreign currency, have severely impacted the performance of Astral's operations in that country. Demand for animal protein has been adversely affected by the deteriorating economy, directly impacting on day-old chick sales from MozPintos.

Progress in Ethiopia has been slowed due to delays in the allocation of land to Astral Foods East Africa SC in the face of recent civil unrest and protests in that country.

Salient points

- Feed costs reached record highs as the worst drought since 1904 resulted in local maize being priced at import levels, and these prices were adversely impacted by the volatile rand.
- Record levels of poultry imports with average monthly numbers for the period under review being approximately equal to 43% of local production.
- An imbalance in the supply and demand of poultry placed downward pressure on selling prices, resulting in an inability to recover increases in input costs.
- Record unemployment together with higher inflation curbed the level of disposable income of the South African consumer.
- Continued improvement in farm production results with a benefit in feed conversion efficiency, negating some of the increased feed costs.
- Expenses were well managed to ensure that the year-on-year increase was lower than inflation.
- Prudent cash management and a healthy balance sheet.

Financial overview of operations

F2016 revenue for the group increased by 6.1% to R12.0 billion (2015: R11.3 billion) led by an increase of 4.2% in poultry volumes, and higher feed selling prices.

Operating profit decreased by 50.1% to R549 million (2015: R1 101 million) and the operating margin at 4.6% reflects this decrease (2015: 9.8%). The profitability was eroded by unprecedented feed cost increases to Astral's poultry operations, which could not be recovered from the market.

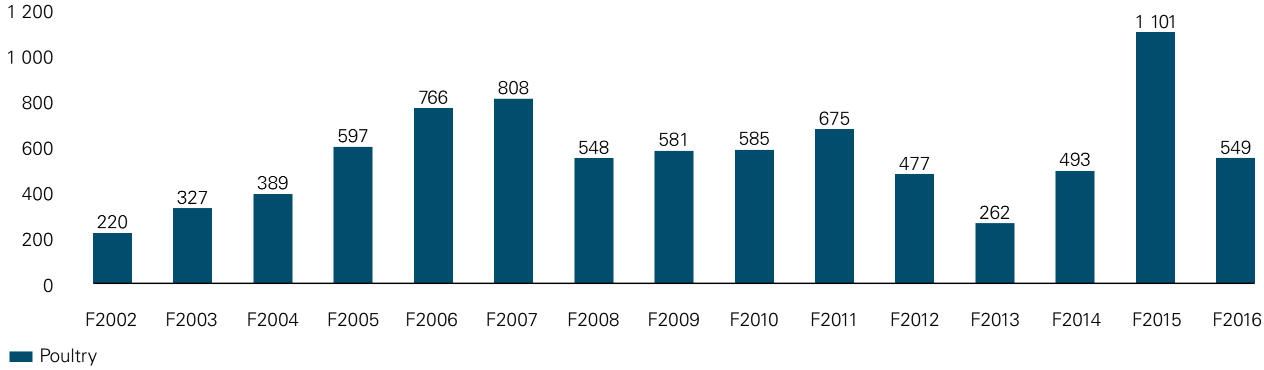
Cut-backs in broiler placements did not reflect in sales volumes due to sales out of stock. However the production cut-backs did have a negative impact on the upstream integrated operations supplying day-old chicks and feed.

chief executive officer's report

(continued)

Following the decrease in operating profit of 22.0% in the interim results posted in March 2016, the second half operating profit decreased by 78.2% relative to the comparable 2015 period. The second half of the year reported substantially higher feed prices, which on the back of flat poultry selling prices, narrowed margins even further as compared to the first half of the year. Production cut-backs during the reporting period were required to manage poultry stock levels.

Operating profit (R million)



Source: Own data

Poultry division

Revenue increased by 4.5% to R9.1 billion (2015: R8.7 billion) as a result of higher sales volumes (up 4.2%). Profitability deteriorated by 91.1% to R59 million (2015: R661 million) due to a higher live bird cost as feed costs soared. Net margin for the division was a disappointing 0.6% for the period under review (2015: 7.6%).

Breeder and broiler production performances improved for the period. The higher feed costs were partially offset by a better broiler feed conversion rate, as average daily growth rates of broiler birds resulted in a lower slaughter age at a similar live body weight as the prior year.

The product mix was largely unchanged. Sales of Individually Quick Frozen (IQF) portions were flat year-on-year, with a marginal decrease (0.7%) in fresh sales volumes as selling prices and affordability for the consumer remained under pressure.

Feed division

Revenue increased by 15.3% to R7.2 billion (2015: R6.2 billion) as a direct result of the higher average selling price for feed. Sales volumes decreased by 2.3%, negatively affected by lower inter-group volumes (2.6%) as a result of improved feed conversion efficiencies and planned cut-backs. Lower external sales volumes (1.9%) were experienced as other livestock production sectors came under similar pressure to that experienced by the poultry industry.

The Standerton feed mill produced on average 29 200 tons of poultry feed per month for the period under review (capacity utilisation of 73%), and as a result of operational efficiencies derived from the new plant, contributed positively to the Feed division. Despite the lower volumes, expense increases per ton were contained to only 1% year-on-year across all feed mills, as improvements at the older mills also yielded benefits.

The operating profit improved to R485 million (2015: R423 million) with a consistent operating profit margin at 6.8% (2015: 6.8%). Rand per ton margins improved compared with the prior year, supported by the successful recovery of inflationary costs, well positioned raw material costs relative to SAFEX market prices and cost improvement through benefits attributable to efficiency advances in the division.

Other Africa

Revenue for the division increased by 4.4% to R515 million (2015: R494 million) due to higher sales realisations, despite lower volumes across the division as economic conditions in those countries deteriorated.

Operating profit decreased to R5 million (2015: R17 million). For the period under review the profitability of the other African business units was severely impacted by volatile local currencies, currency shortages leading to foreign exchange losses in Mozambique and high costs to operate standby generators as power shortages in Zambia hampered operations.

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

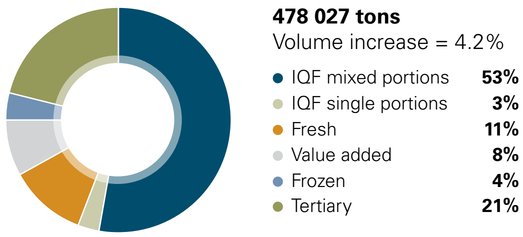
The four integrated broiler operations are strategically located in the major growth areas of Gauteng, Mpumalanga, the Western Cape and KwaZulu-Natal. The broiler operations slaughtered approximately 4.8 million birds per week for the 53 reporting weeks of F2016 versus 4.9 million birds per week in the prior year (52 weeks), and this is made up as follows:

Birds per week	**F2016**	F2015
Festive (Olifantsfontein)	**1 357 000**	1 289 000
Goldi (Standerton)	**1 732 000**	1 845 000
County Fair (Agter-Paarl)	**1 546 000**	1 610 000
Mountain Valley (Camperdown)	**187 000**	178 000
Total	**4 822 000**	4 922 000

The weekly F2016 bird slaughter numbers were on average 2% lower than the previous year. Despite production cut-backs of approximately 10.5 million birds over the year, slaughter volumes were positively impacted by an additional week included in the reporting period.

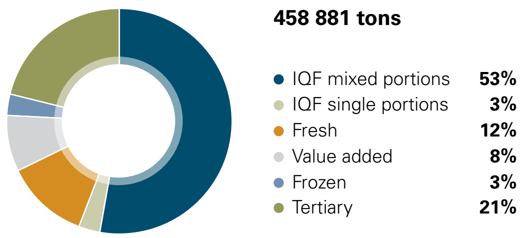
The product mix remained relatively consistent year-on-year with a marginal decrease in fresh sales.

F2016 product mix



Source: Own data

F2015 product mix



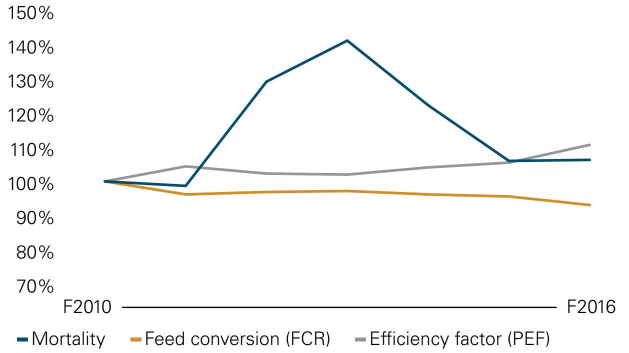
Source: Own data

chief executive officer's report

(continued)

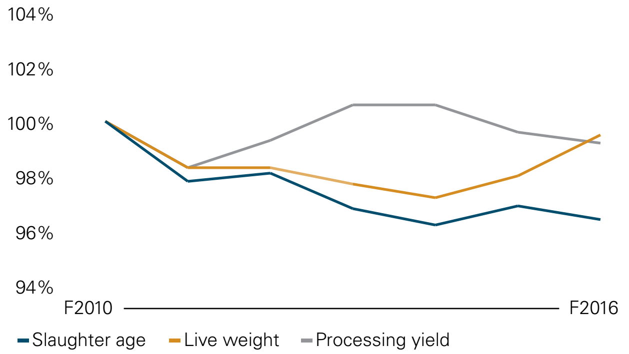
The Poultry division achieved an improvement in on-farm results for the period under review. Good health status ensured that the reduction in bird mortality achieved last year was sustained. Continuous improvement in nutrition and on-farm management practices resulted in better expression of the Ross birds' genetic potential, in particular feed conversion efficiency.

Poultry Division combined broiler key indicators: September 2016



Source: Own data

Poultry Division combined broiler key indicators: September 2016



Source: Own data

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 an 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

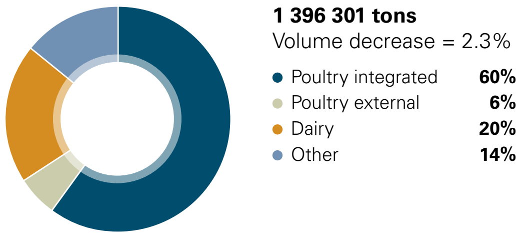
National Chicks, the group's commercial hatching egg and day-old chick producer operating in South Africa and Swaziland, experienced a decrease in chick sales as a result of industry cut-backs and credit risk. Hatching egg sales were lower than the previous year and budget as a result of lower export volumes into the rest of Africa primarily due to the short supply of foreign currency in those markets traditionally serviced by National Chicks. As a result, National Chicks posted a decrease in profit over the prior year.

Feed division

Meadow Feeds supplied 60% of its total volume to the group's downstream poultry operations in F2016. Total volumes decreased year-on-year to 1.40 million tons per annum (2015: 1.43 million tons). Increased sales were experienced in pigs, beef and sheep, but layers, dairy and independent broiler volumes were lower than the prior year.

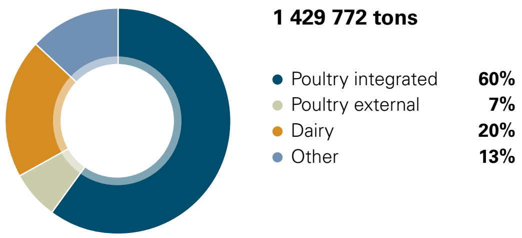
The new feed mill in Standerton manufactured an average of 29 200 tons of poultry feed per month (F2015: 24 000) including additional volumes from existing operations at Randfontein and Delmas, which could be produced more efficiently. With the addition of the full capacity of the new mill, Meadow's national production capacity increased to approximately 1.96 million tons per annum, operating at 70% of capacity. (F2015: 73%)

Meadow sales F2016



Source: Own data

Meadow sales F2015



Source: Own data

The price of maize and soymeal, the key drivers of input costs into feed and the production cost of poultry meat, increased significantly throughout F2016. After a poor crop (9 955 million tons) in the 2014/15 marketing year, South Africa experienced a further drop in the size of the national crop following the worst drought since 1904. The 2015/16 maize crop at 7 553 million tons was the smallest crop in the past eight years.

Global grain stocks remain healthy, with the world corn stock-to-use ratio projected at 20.65% (second highest in the past eight years, after last year) and United States forecast at 16.5% (highest in past eight years) for 2017. The Rand was extremely volatile and depreciated significantly against the US Dollar during the period under review, negating any benefits of lower international corn prices to local poultry producers. South African maize is currently expensive relative to world corn prices, increasing the cost gradient and impairing local competitiveness against imports.

Near perfect weather in the United States for most of the planting and growing season resulted in all-time record yields and production. The current United States Department of Agriculture (USDA) official crop estimate stands at 382.0 million tons, an increase of 37.0 million tons or 10.7% compared to the previous year. World stock levels also increased by 37.0 million tons compared to 2015 while consumption remained constant. The fall in price of 11.1% over the period under review clearly illustrates that agricultural commodity markets are well supplied, and focus will now turn to South American weather to see if these stock levels will be maintained.

Soymeal prices were also lower for the year with healthy global stocks benefiting the import parity price, but China's renewed appetite for this oilseed increased demand resulting in prices dropping by only 3.4%.

Weather forecasters are predicting La Niña conditions for the year ahead which should see normal to above normal rainfall. Farmers are expected to plant all available hectares and maize yields could benefit from the latent fertiliser remaining in the soil after farmers were unable to plant last year. With the planting season having recently commenced, there is plenty of opportunity for weather concerns to develop and new season prices are trading between import and export parity.

The transition of the company's important maize supply contract to Senwes within the year was seamless. The services offered by Senwes to Meadow Feeds' procurement team, offers considerable insight into local weather patterns and crop related statistics.

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 decreased by 5.9% for the period under review as growth in volumes was hampered by significant increases in the selling price of feed and the related negative impact on the demand from the small scale market. The financial performance of this business improved after it was better able to manage foreign exchange exposure risk on raw material purchases by forward purchasing foreign currency at favourable rates.

Tiger Chicks reported a 2% increase in day-old chick sales, despite the period under review being characterised by an oversupply of chicks in the market, which negatively impacted the realisations achieved. The cost of breeding stock imported from Scotland increased significantly due to the devaluation of the Kwacha against the Pound.

chief executive officer's report

(continued)

Mozambique

Meadow Mozambique feed sales decreased by 2.1% for the period under review and were impacted by the increasing cost of raw materials, exacerbated by the depreciation of the local currency. The Mozambique population's buying power has decreased in the last quarter and consumption of protein in the country has also reduced. Food inflation increased to 24.9% as at September 2016 compared to a year ago, heavily impacting the market for poultry meat.

Day-old chick sales decreased by 7.1% due to lower demand from poultry producers in this country as production became uneconomical in the hyper-inflationary environment that has arisen from the weakening of the Metical.

Swaziland

The performance of the Swaziland hatchery and broiler breeder operation was also adversely affected by significantly lower chick sales resulting from increased competitor activity.

Key investments

Capital expenditure for the period under review of R168 million was down on the prior year's R189 million and represents expenditure on normal ongoing replacement and improvement items.

The year focussed on incurring only the necessary replacement capital expenditure, with expansion expenditure focussed on alignment throughout the integration process, which included amongst others:

- The installation of a standby generator at the new Standerton feed mill;
- Installation of a gyro/spiral freezer at Mountain Valley in KwaZulu-Natal;
- Expansion of capacity at the Festive processing plant in Gauteng;
- Expansion to the County Fair fresh processing plant in the Western Cape;
- Hatchery expansion at National Chicks in KwaZulu-Natal; and
- Ongoing Poultry Enterprise Resource Pricing (ERP) software implementation project.

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 the 1 January 2012. The South African Poultry Association (SAPA) launched an application for the International Trade Administration Commission of South Africa (ITAC) to investigate the general safeguard duty on EU imports on 19 February 2016. ITAC have submitted their recommendation on this matter to Minister Davies for his consideration and action. It is anticipated that provisional measures will be implemented in November 2016. 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.

During the year SAPA launched a court action against new brining legislation promulgated by the Department of Agriculture, Forestry and Fisheries (DAFF), in terms of which it has been determined that the total brine injection allowed for individual portions will be limited to a maximum of 15% (versus the current uncapped and unregulated industry brining practices). This court action was unsuccessful and the industry has decided not to appeal the judgement as this would lead to a protracted and costly legal battle. Astral was granted a dispensation allowing it to sell and clear all product brined at 70:30 by the end of January 2017. As of 22 October 2016, all IQF product is now produced with a final brining level of 85:15 meat to brine content.

It is expected that further consolidation in the industry will occur in the coming year as high feed prices and selling price pressure continues to threaten the recovery of input costs. Poultry imports have increased dramatically in recent times underpinning a supply and demand imbalance in the local industry. This has eroded the ability of producers to pass on higher input costs and has led to significant financial losses amongst the players in the industry.

In an attempt to level the playing field, SAPA has approached government to lobby the application of equal standards on poultry imports in terms of the enforcement of phytosanitary standards, veterinary inspections, brining legislation and re-working of poultry meat. A court challenge by SAPA to the Salmonella testing standards which were lowered to suit the US poultry imports under AGOA, is in progress.

Poultry selling prices

A key challenge for Astral is continuously to achieve a poultry selling price that allows for the satisfactory recovery of input costs to ensure future investment in the business. This should position Astral for growth, the continuing payment of dividends to shareholders and a contribution to the fiscus through the payment of taxes.

Municipal infrastructure

Once again ailing municipal infrastructure had a significant effect on the business, particularly cuts in municipal water supply in Standerton, which significantly impacted the Goldi broiler processing operation. Astral continues to work with local authorities to address these challenges and implement measures to meliorate the deteriorating service delivery on the business.

More recently "water shedding" poses a new threat to operations, particularly in the greater Gauteng region. At the time of writing, Astral has received notification of water cuts to its Festive processing plant based in Olifantsfontein. An urgent interdict has been launched to oppose this move, as this has consequences for both the farming and processing operations.

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:

- Prolonged high raw material cost;
- Prolonged imbalance in supply and demand of poultry;
- Unreliable supply of municipal water;
- Energy costs and security of supply of electricity;
- Breakdown in bio-security and threat of new diseases;
- Premix micro ingredient deficiency and/or contamination with an undesirable substance;
- Non-conformance to final feed specifications on the breeding programme;
- Lack of continuous genetic improvement;
- Raw material price volatility.

In the management and mitigation of these risks, Astral has set out particular action plans (see page 42), 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 disposals for the period under review, with Astral focusing on entrenching various key projects that resulted from prior acquisitions and capital investments.

Expansion into a fourth African country

A concerted effort is being made to enter a fourth country outside of South Africa's borders. Astral has 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. Delays in the allocation of land to Astral have slowed progress on this project which can be attributed to civil unrest and protests in the country against government over the past year. This has forced the Ethiopian authorities to place a moratorium on land allocations of property where local small scale farmers are compensated and removed from the land. As widely reported, following attacks on foreign owned businesses and property, the government recently declared a six month state of emergency. Tensions in the country have dissipated following the implementation of the state of emergency. Notwithstanding the moratorium on land allocations by government, Astral is pursuing a number of identified opportunities where developed land could be acquired through the purchase from existing businesses. The Ethiopian economy continues to post strong economic growth and with the per capita consumption of chicken at just less than two kilograms per person per annum, it still presents an opportunity for investment.

Market developments

Astral's customer mix remains well balanced between the wholesale and retail markets, maintaining market share whilst increasing volumes to the food services sector. There has been positive volume growth within the Quick Service Restaurant space servicing customers such as Famous Brands, Spur, KFC and Hungry Lion with the supply of further processed products, fully cooked and other bone-in portions.

chief executive officer's report

(continued)

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 55% of the designated groups, have completed their studies with a pass rate of above 90%. Fifteen of these participants have subsequently been promoted into senior positions within the group. By the end of 2016 a further 29 students will complete their studies.

Transformation update

Astral was rated as the most empowered agricultural company in the recent "Most Empowered Business Report". Astral received an updated BBBEE score (BBB or level 4 rating) during the period under review with the group score improving to 69.77 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.

Alliances include:

- Aviagen, a global leader in poultry genetics;
- Cargill, the global leader in animal nutrition and production.
- Senwes, a local leader in grain origination and logistics.

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, which provides an outsourced chilled and frozen chicken storage and distribution service to the Poultry division.

Outlook

- The weakened state of consumer spending is unlikely to improve due to poor economic growth and higher unemployment which will continue to constrain an increase in the per capita consumption of poultry.
- The new brining regulations will negatively impact total kilograms sold at the new brining level of 15% on IQF product.
- High maize and feed prices will continue for at least the first half of 2017 on the back of the severe drought.
- The safeguard duty recommended by ITAC against the EU is not expected to significantly curb poultry import levels.
- The consensus amongst weather forecasters is that normal rainfall can be expected over the next South African maize growing season, which should lead to lower SAFEX maize prices from May 2017.
- Poultry production efficiencies are expected to remain good on the back of the inherent genetic potential of the Ross 308 breed.
- Contraction in local production due to cut-backs, resizing and closures could result in an improved balance between supply and demand.

Organisational alignment

Astral realised the necessity to make changes to the group's operational structure aimed at better aligning the organisation within the primary activities of its integration, by introducing a specialised focus around the agricultural activities of the business.

The Poultry division has been separated into two more specialised and focussed activities centred on extracting the optimal genetic potential within the integrated farming operations, as well as commercial activities responsible for processing, sales and distribution of Astral's chicken products.

The new operational structure will be managed by Andy Crocker for all aspects of animal nutrition, Gary Arnold for the integrated agricultural production and Theo Delport, who is managing all the commercial responsibilities. In addition, Andy Crocker was appointed to the Astral Foods board in April 2016.

Appreciation

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

Again, I would also like to express my sincere appreciation to all my colleagues in management and the staff, for your loyalty and support under what can be considered the most challenging operating environment in recent history. Thank you!

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. On this note I would like to welcome two seasoned business executives, Mr Diederik Fouchè and Dr Theunie Lategan to the Astral Foods board as well as Mr Andy Crocker, the Managing Director of our Feed Division, and look forward to working with them in the future.

To our Chairman, Dr Theuns Eloff, a special word of appreciation for your unwavering support.

Chris Schutte
Chief Executive Officer

16 November 2016

chief financial officer's report

Daan Ferreira

Financial results

	2016 Rm	2015 Rm	% change
Revenue	**11 954**	11 266	+6
Operating profit	**549**	1 100	(50)
Operating profit margins	**4.6%**	9.8%	
Net finance costs	**22**	10	
Share of profit from associates	**(1)**	3	
Profit before tax	**526**	1 094	(52)
Tax expense	**154**	314	
Profit for the year	**372**	780	(52)
Headline earnings	**373**	780	(52)

External revenue increased by 6%. Whilst the Poultry segment contributed 75% and the Feed segment 21% to the total external revenue, almost half (42%) of the R688 million increase in revenue was contributed by the Feed division. This was a direct result of the material increase in the cost of feed raw materials (maize) which resulted in higher selling prices for feed.

The increase in Poultry revenue of 4.3% was from increased volumes with selling prices marginally below the previous year. Other Africa operations' revenue increased by 4.4%.

Operating profit at R549 million was well below that of the previous year. The increase in feed cost was not recovered in the market by the Poultry segment, resulting in a reduction in Poultry profits from R661 million for 2015, to R59 million for the current year. The Feed segment on the other hand, was able to pass its cost increases on to its customers and reported an improvement in profits from R423 million (2015) to R485 million. Contributions to the group profit from the Other Africa operations were limited at R5 million, after having had to deal with amongst others, negative exchange rate changes and electricity supply issues.

The impact of the prolonged low economic growth is reflected in the results of the group. Poultry supply outstripped the demand and together with consumers being under pressure, drought related feed cost increases could not be recovered in the market.

99% (2015: 98%) of the operating profit was generated from business units inside South Africa.

focus

Drought related increases could not be recovered in **an oversupplied poultry market** whilst consumers were also under financial constraints

The **increase in revenue of**

6%

was due to increased poultry volumes and an increase in the value of external feed sales.

chief financial officer's report

(continued)

Net finance cost increased to R22 million following increased levels of debt during the 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 mainly represents a combination of normal and deferred tax and a small amount of withholding tax on dividends received from foreign subsidiaries.

98% (2015: 97%) of tax provided was in respect of South African business units.

Net profit for the year at R372 million decreased by 52% on the prior year, in line with the lower operating profit.

Statement of financial position

	2016 Rm	2015 Rm	% change
Non-current assets	**2 230**	2 234	
Assets held for sale	**25**		
Current assets (excluding cash)	**2 588**	2 261	+14
Total assets	**4 843**	4 495	+8
Non-current liabilities (excluding borrowing)	**(646)**	(582)	+11
Current liabilities (excluding borrowings)	**(1 585)**	(1 485)	+7
Net assets	**2 612**	2 428	+8
Financed by:			
Equity	**2 372**	2 371	
Net borrowings	**240**	57	
	2 612	2 428	+8

Non-current assets consist mainly of property, plant and equipment and remain at the same level as the previous year after accounting for capital expenditure of R141 million and depreciation of R144 million. Capital expenditure included R28 million spent on a new enterprise resource planning system for the poultry operations. This project will continue into the new financial year.

Assets held for sale represents a 25% interest in an associate, Provimi SSA (Pty) Limited.

Current assets (excluding cash) consist of inventories, biological assets and trade and other receivables. Poultry stock levels at 30 September 2016 were R112 million lower than at the end of the previous year whilst feed raw material stock was R117 million higher than the previous year. This was as a result of a decision to have some strategic raw material stock holding to counter the risk of a possible physical shortage of maize in the country.

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

Current liabilities increased by 7%. The stock piling of feed raw material as well as the increased cost of raw material stock resulted in higher trade creditors.

Net borrowings of R240 million consisted of the remaining balance of the loan funding for the newly built feed mill in Standerton (R35 million) and cash and cash equivalents which were in a net overdraft of R205 million.

The **cash flow** for the year was negative with an outflow of R230 million.

Ratios

The net debt to equity ratio at 10.1% was higher than the previous year's 2.4%, however it was still at acceptable levels.

The return on net assets at 18.6% and the return on equity at 15.8% were both down on the previous year, following the lower profits.

The dividend cover based on headline earnings per share for the year remained at 2.0 times.

Conclusion

The group's profitability continued to be influenced by volatility in the cost of raw materials, (maize cost increases had an impact on the cost of feed). Average selling prices of poultry products on the other hand did not increase, resulting in margins for 2016 being substantially lower.

The rate of increase in feed cost did not represent typical market volatility and it is believed that the market will return to normality as the drought conditions subside, which should impact positively on future profit margins.

Daan Ferreira
Chief Financial Officer

Pretoria

16 November 2016

ratios and statistics

		2016	2015	2014	2013	2012	2011	2010	2009	2008
Profit information										
Revenue	R million	**11 954**	11 266	9 602	8 509	8 160	7 227	7 006	7 407	6 853
EBITDA	R million	**693**	1 254	627	384	600	793	694	685	637
EBITDA margin	%	**5.8**	11.1	6.5	4.5	7.4	11.0	9.9	9.3	9.3
Operating profit	R million	**549**	1 100	493	262	477	675	585	581	548
Operating profit margin	%	**4.6**	9.8	5.1	3.1	5.8	9.3	8.4	7.8	8.0
Profit for year	R million	**372**	780	341	211	333	435	364	353	334
Headline earnings for year	R million	**373**	780	330	165	300	437	365	338	320
Financial position information										
Total assets	R million	**4 979**	4 814	4 375	3 921	3 544	3 425	3 157	3 174	3 157
Total equity	R million	**2 373**	2 372	1 945	1 695	1 596	1 586	1 446	1 366	1 328
Total liabilities	R million	**2 607**	2 442	2 430	2 227	1 947	1 839	1 711	1 807	1 829
Net assets	R million	**3 060**	2 843	2 566	2 375	2 107	2 012	1 950	1 918	1 791
Profitability and asset management										
Return on total assets	%	**11.3**	24.1	11.9	7.0	13.8	20.7	18.6	18.5	18.4
Return on equity	%	**15.8**	36.3	18.7	12.7	20.8	28.6	25.8	26.0	25.3
Return on net assets	%	**18.6**	40.7	20.0	11.7	23.2	34.1	30.3	31.3	31.3
Net asset turn	times	**4.1**	4.2	3.9	3.8	4.0	3.7	3.6	4.8	4.7
Shareholders' ratios										
Earnings per share	cents	**964.0**	2013	884	545	865	1 128	940	906	858
Headline earnings per share	cents	**965.0**	2016	864	434	787	1 148	960	890	840
Dividend per share	cents	**490.0**	1150	440	222	672	810	760	700	700
Dividend cover	times	**2.0**	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	**11775**	17414	15225	9500	10400	11700	11150	10399	9650
– Highest	cents	**18490**	20679	16000	10900	13200	13956	11939	11200	15490
– Lowest	cents	**8820**	14051	7950	8530	10100	10811	9400	7380	7300
Closing dividend yield	%	**4.2**	6.6	2.9	2.3	6.5	6.9	6.8	6.7	7.3
Closing earnings yield *	%	**8.2**	11.6	4.8	4.6	7.6	9.8	8.6	8.6	8.7
Closing price/earnings ratio	times	**12.2**	8.7	20.7	21.4	13.2	10.2	11.6	11.7	11.5
Number of shares issued @	'000	**42 775**	42 761	42 723	42 149	42 149	42 149	42 136	42 136	42 136
Number of transactions		**156 224**	179 049	54 683	45 653	40 209	37 385	20 613	13 439	17 492
Number of shares traded	'000	**34 453**	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	%	**81**	86	62	52	59	42	45	44	56
Value of shares traded	R million	**4 277**	6 405	2 947	2 064	2 912	2 214	2 007	1 715	2 596
Closing market capitalisation	R million	**5 037**	7 446	6 505	4 004	4 383	4 931	4 698	4 382	4 066

* *Based on headline earnings per share*

@ *Refer to note 11 of the financial statements for the number of shares effectively in issue net of treasury shares*

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.

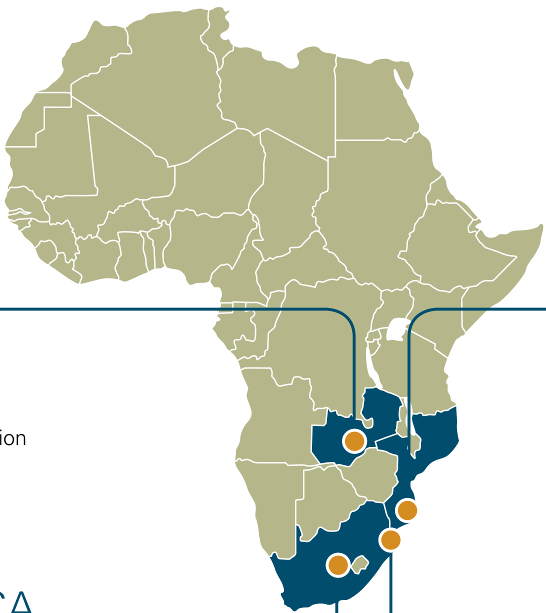
Closing earnings yield

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



ZAMBIA

1 Feed mill

1 Breeding and hatchery operation

MOZAMBIQUE

1 Feed mill

1 Hatchery operation

SOUTH AFRICA

1 Vitamin and mineral pre-mix operation

7 Feed mills

1 Genetic operation

1 Day-old chick and hatching egg supplier

4 Integrated broiler operations

1 Laboratory

SWAZILAND

1 Breeding and hatchery operation

Production of feed per annum
1,4m tons

Number of feed mills
9

Astral employment count
12 557

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; and
- 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 20% in volume during our 2016 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

Number of broiler processing plants

4

Broilers processed per week

4.822m

Number of countries operating in

4

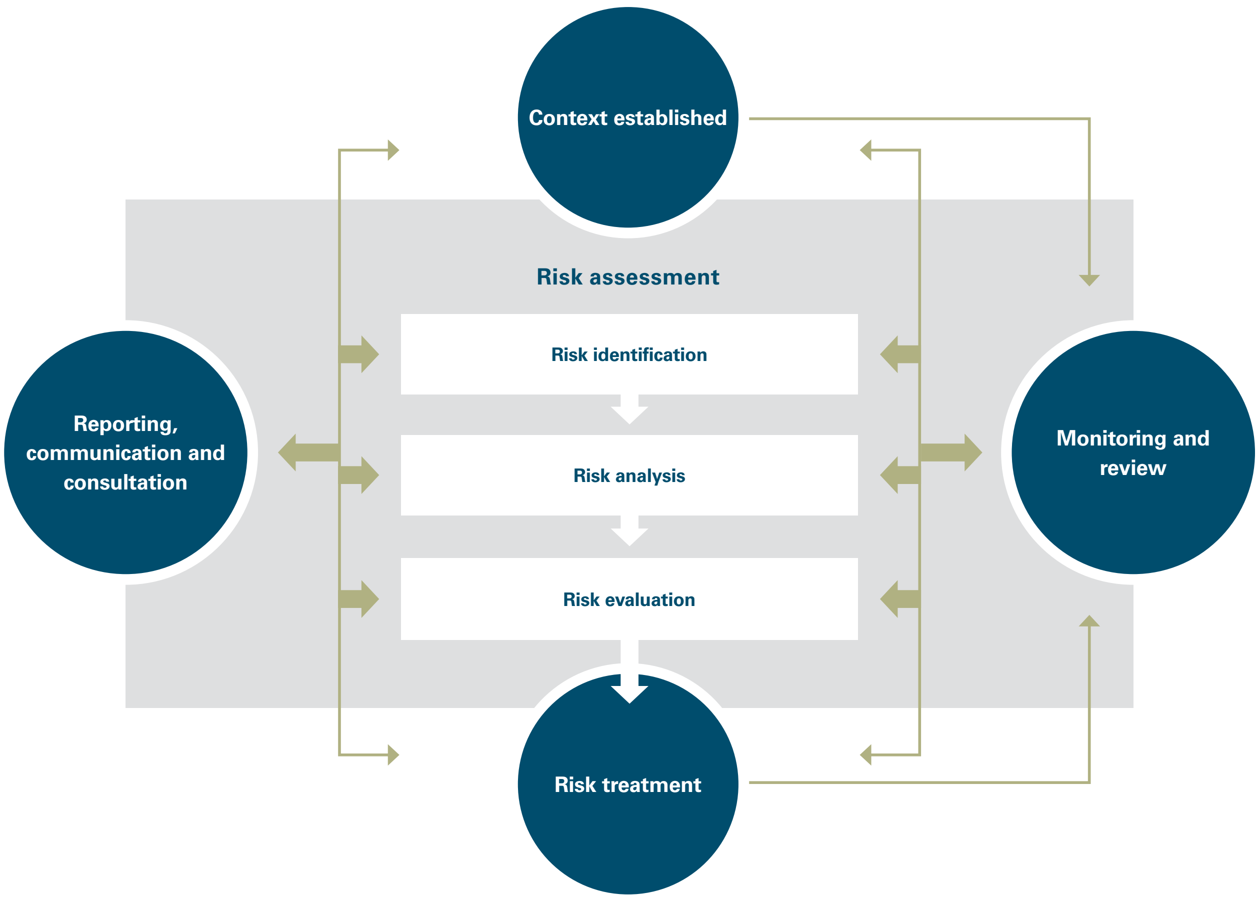
risk management

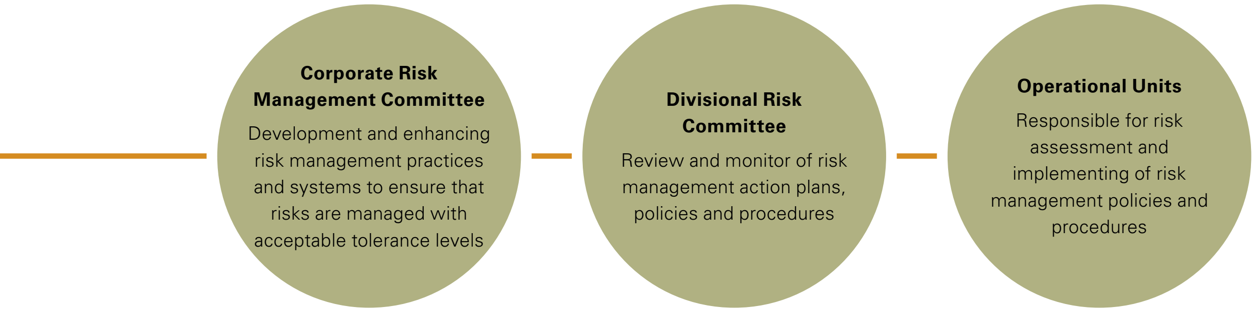
Astral is committed to the following risk management action plan:

- 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 of 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 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;
- 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 risks/exposures are therefore the product of the inherent risk and the control effectiveness factor.

risk management

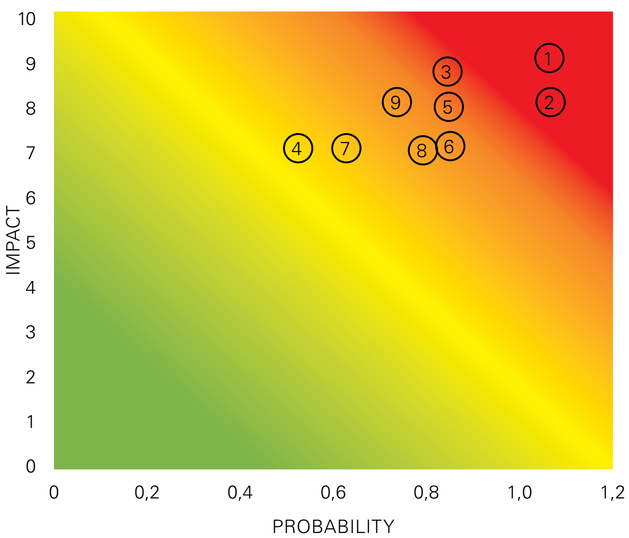
(continued)

Business risks

Business risk	Risk mitigation plans
Prolonged high raw material cost The severe drought experienced in 2016 has resulted in high raw material prices and volatility. Although all producers would be exposed to similar prices, the main risk is the inability to recover this higher input cost.	• Explore cost effective raw material import opportunities. • Astral Executive Procurement Committee frequently reviews the procurement strategy. • Endeavour to recover the higher input cost through selling prices of poultry.
Prolonged imbalance in supply and demand of poultry as a result of the following factors • Excessive local expansion. • High levels of imports. • Classic dumping of poultry meat in South Africa. • Suppressed disposable income.	• 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. • Planned temporary production cut backs. • Entrench least cost strategy.
Unreliable supply of municipal water • Quality and availability of water. • Unscheduled water interruptions. • Municipal infrastructure not maintained.	• Planned production runs. • Water storage and enhancement of distribution.
Energy and electricity security of supply and pricing • Regional and seasonal shortages of specifically liquefied petroleum gas are experienced. • Cost and availability of electricity. • Unscheduled power interruptions. • Cable theft resulting in business interruption.	• Alternative energy sources identified and utilised. • Centralised procurement. • Planned production runs.
Breakdown in bio-security and threat of new diseases Diseases would not only impact the group through the possible depletion of flocks, but could influence growth, fertility and hatchability.	• Regular disease monitoring. • Serological, microbiology and molecular surveillance. • Increased level of bio-security, 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.
Premix micro ingredient deficiency and/or contamination with undesirable substance Vitamin, mineral and feed additive premixes are included in animal feed. Should this premix not conform to the required specification with respect to micronutrient content it could impact on the health and growth of livestock.	• Pre-screening of suppliers. • Country of origin quality control. • Ongoing improvement in quality and production technology.

Business risk	Risk mitigation plans
Non-conformance to final feed specifications impact on the breeding programme 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.
Lack of continuous genetic improvement 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.
Raw material price volatility Prices of all agricultural inputs tend to fluctuate with a major impact on input costs.	• 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.

Inherent risk rating



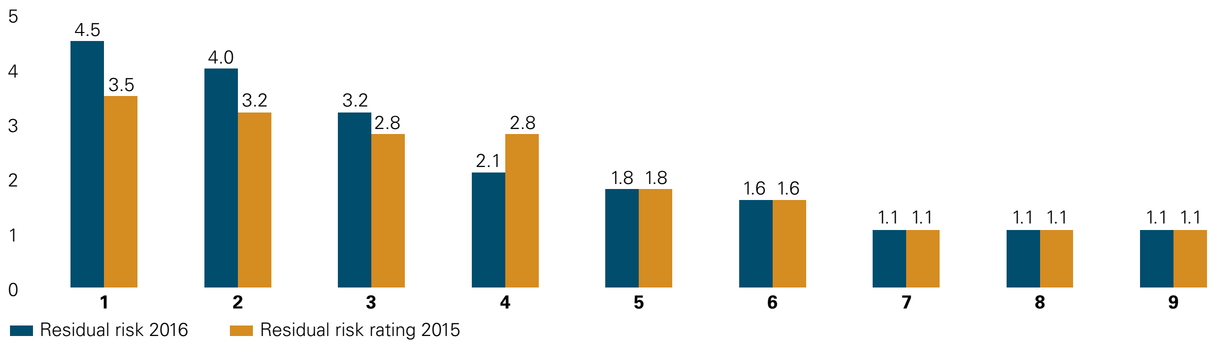
Risk

1 Prolonged high raw material cost.
2 Prolonged imbalance in supply and demand of poultry.
3 Unreliable supply of municipal water.
4 Energy and electricity security of supply and pricing.
5 Break down in bio-security and threat of new diseases.
6 Premix micro ingredient deficiency and/or contamination with undesirable substance.
7 Non-conformance to final feed specifications impact on the breeding programme.
8 Lack of continuous genetic improvement.
9 Raw material price volatility.

risk management

(continued)

Residual risk rating



Risk

1 Prolonged high raw material cost.
2 Prolonged imbalance in supply and demand of poultry.
3 Unreliable supply of municipal water.
4 Energy and electricity security of supply and pricing.
5 Break down in bio-security and threat of new diseases.
6 Premix micro ingredient deficiency and/or contamination with undesirable substance.
7 Non-conformance to final feed specifications impact on the breeding programme.
8 Lack of continuous genetic improvement.
9 Raw material price volatility.

Residual risk status

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

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

stakeholder engagement

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

Our inclusive stakeholder engagement is based on the principles of:

Relevance

Focusing on those issues of material concern to our stakeholders and to Astral and identifying how best to address them for our mutual benefit

Completeness

Understanding the views, needs, performance expectations and perceptions associated with these material issues while also taking cognisance of prevailing local and global trends

Responsiveness

Engaging with stakeholders on these issues and giving regular, comprehensive, coherent feedback.

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.

Astral has adopted a formal stakeholder engagement policy that outlines our approach to communicating and working with our stakeholders. The following broad stakeholder groups have been identified:

- Employees
- Customers
- Communities
- Investors
- Suppliers and contractors
- Governments and regulatory bodies
- Industry bodies
- Civil society

Detailed information regarding our stakeholders is contained in the Sustainability Report on page 78. The Stakeholder Engagement Policy is available on www.astralfoods.com

governance

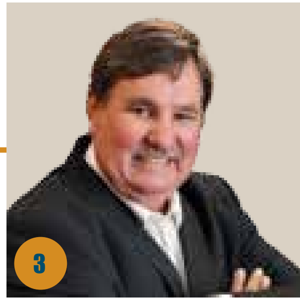
47

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

Board of directors	**48**
Governance structure	**51**
Executive management	**52**
Corporate services	**54**
Corporate governance	**56**
Remuneration report	**64**
Social and Ethics Committee report	**68**
Sustainability	**70**

board of directors

non-executive directors



1 Theunis Eloff (61)

(Independent Non-executive Director)
BJur (Econ), ThB, ThM, ThD.
Director of companies

Appointed to the board on 8 May 2007

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 Chief Executive Officer of the FW de Klerk Foundation. Past president of the Afrikaanse Handelsinstituut (AHI).

2 Nombasa Tsengwa (51)

(Independent Non-executive Director)
BSc, MSc, PhD (Biotechnology).
General Manager: coal captive mines, Exxaro Resources Limited

Appointed to the board on 8 May 2007

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

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.

3 Diederik Johannes Fouché (62)

(Independent Non-executive Director)
M Comm, CA(SA), H Dip Tax Law, H Dip Business processing
Director of companies

Appointed to the board on 12 November 2015

Chairman of the Audit and Risk Management Committee from June 2016

Member of the Human Resources, Remuneration and Nominations Committee from June 2016

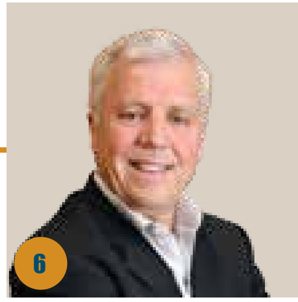
Experience: Former PwC partner for 34 years and head of PwC Southern Africa Consumer, Industrial Products and Services industry practice ("CIPS") for 17 years. Served as member of the PwC Southern Africa & Africa Board and was Chairman of the Finance and Risk Committee. He also represented the firm on 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).

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.



4 Tshepo Monica Shabangu (45)

(Independent Non-executive Director)
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.

5 Takalani Patricia Maumela (48)

(Independent Non-executive Director)
BCur, MBL
General Manager

Appointed to the board on 1 July 2013

Chairman of the Social and Ethics Committee from February 2016

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

Prior positions include clinical executive at Qualsa Healthcare and divisional manager – business solutions at Discovery Health.

External appointments: Currently employed at Metropolitan Health as Government Employees Medical Scheme general manager and previously as Transmed general manager.

6 Marthinus Theunis Lategan (59)

(Independent Non-executive Director)
B.Acc (Hons), M.Compt, D.Comm, CA(SA), Adv. Dip. Banking
Director of companies

Appointed to the board on 21 September 2016

Member of the Audit and Risk Management Committee from September 2016

Experience: He joined Rand Merchant Bank's Structured Finance team in 1994 and in 1999, following the formation of the FirstRand Banking Group, became the Chief Executive Officer of the Corporate and Commercial Banking division of First National Bank.

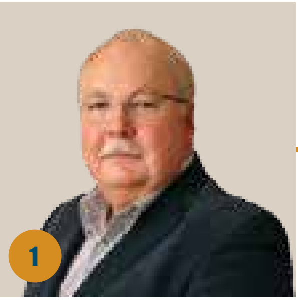
In 2005 he was appointed as the Chairman of the Divisional Board of First National Bank and served on various other FirstRand Group committees. He retired from the FirstRand Group at the end of 2010 to pursue private interests.

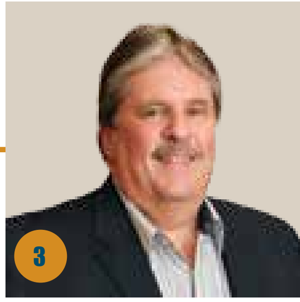
External appointments: Since 2011 he has served as a non-executive member of the Board and Audit Committee of Steinhoff International Holdings Limited and currently also chairs its Remuneration Committee. He joined Barclays Africa Corporate and Investment Banking division in 2013 as non-executive Deputy Chairman.

board of directors

(continued)

executive directors





1 Christiaan Ernst Schutte (56)

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.

2 Daniel Dirk Ferreira (60)

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 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.

3 Theo Delport (56)

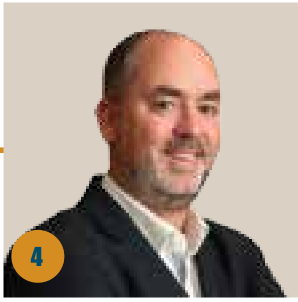
Dip. Sales Management
Managing Director: Commercial

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 and with effect from 1 October 2016 as Managing Director: Commercial.

External appointments: None.



4 Gary Desmond Arnold (44)

BSc Agric (Hons), MSc Agric, MBA, Pr.Sci.Nat.
Managing Director: Agriculture

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 Provimi SSA (previously Nutec Southern Africa), and in 2006 he was appointed to the position of chief operating officer for Meadow Feeds in the Western Cape.

Appointed as Director: business development of Astral Operations Limited on 1 November 2010 and with effect from 1 October 2016 as Managing Director: Agriculture.

External appointments: None.

5 Andrew Barry Crocker (46)

BSc Agric, MBA, PrSci.Nat.
Managing Director: Feed

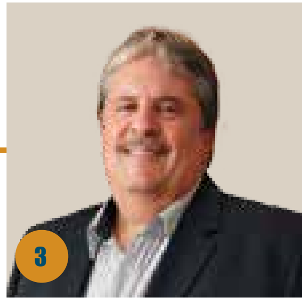
Appointed to the board on 1 April 2016

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. In 2000 he became the technical support manager for the Eastern Cape before moving to Meadow Feeds Paarl as sales manager in 2002. 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.

Appointed as managing director of the Feed division in February 2012.

External appointments: None.

executive management



1 Chris Schutte (56)

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. Was appointed as Chief Executive Officer of Astral Foods Limited in 2009.

2 Daan Ferreira (60)

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.

3 Theo Delport (56)

Managing Director: Commercial

Appointed as 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.

4 Gary Arnold (44)

Managing Director: Agriculture

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.

5 Andy Crocker (46)

Managing Director: Feed

Appointed as a director of Astral Operations Limited in March 2012

Started his career in 1998 as a technical adviser for Meadow Feeds helping to establish operations in the Eastern Cape. In 2000 he was appointed as 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 2005 he became chief operating officer of the Eastern Cape region in 2006. In 2010 he lead the formation of the Cape Region as Chief Operating Officer responsible for the Paarl, Ladismith and Port Elizabeth operations.

Appointed as Managing Director of the Feed division in February 2012.

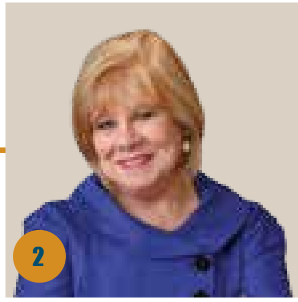
6 Evert Potgieter (46)

Director: Risk Management

Appointed as a director of Astral Operations Limited in December 2015

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.

corporate services



1 Anil Rambally (44)

Group Purchasing and Sustainability Manager

Appointed in February 2001

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

2 Maryna Eloff (63)

Group Company Secretary

Appointed in June 2005

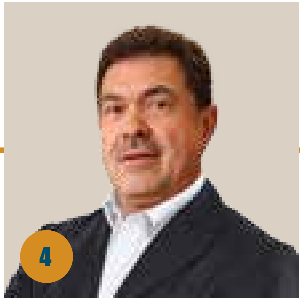
Has extensive experience in administration and company secretarial practice in numerous companies in the stockbroking, banking, information technology and mining industries. Director of a number of gold mining companies from 1997 to 2003. Currently responsible for the company secretarial and legal function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

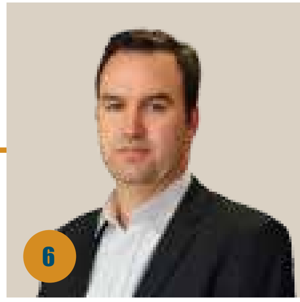
3 Obed Lukhele (41)

Group Veterinary Manager

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 Group as Veterinary Technical Manager and two years later was appointed as group Veterinary Director, a position that he resigned on 11 February 2016 to concentrate his efforts on the overall veterinary function of the group.





4 Braam Spies (59)

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 Group in 2004 as Regional Credit Manager, Feed Division and was subsequently appointed as Credit Executive for the Astral Group in November 2011.

5 Willem Stander (59)

Group Procurement Manager

Appointed in February 2001

Obtained a B.Sc. 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 Paarl in 1984 as Nutritionist and promoted to Marketing Manager in 1989 and to Raw Material Director in 1995. Appointed as Procurement Executive for the Feed Division in 1999.

6 Mike Snyman (42)

Group Human Resources Manager

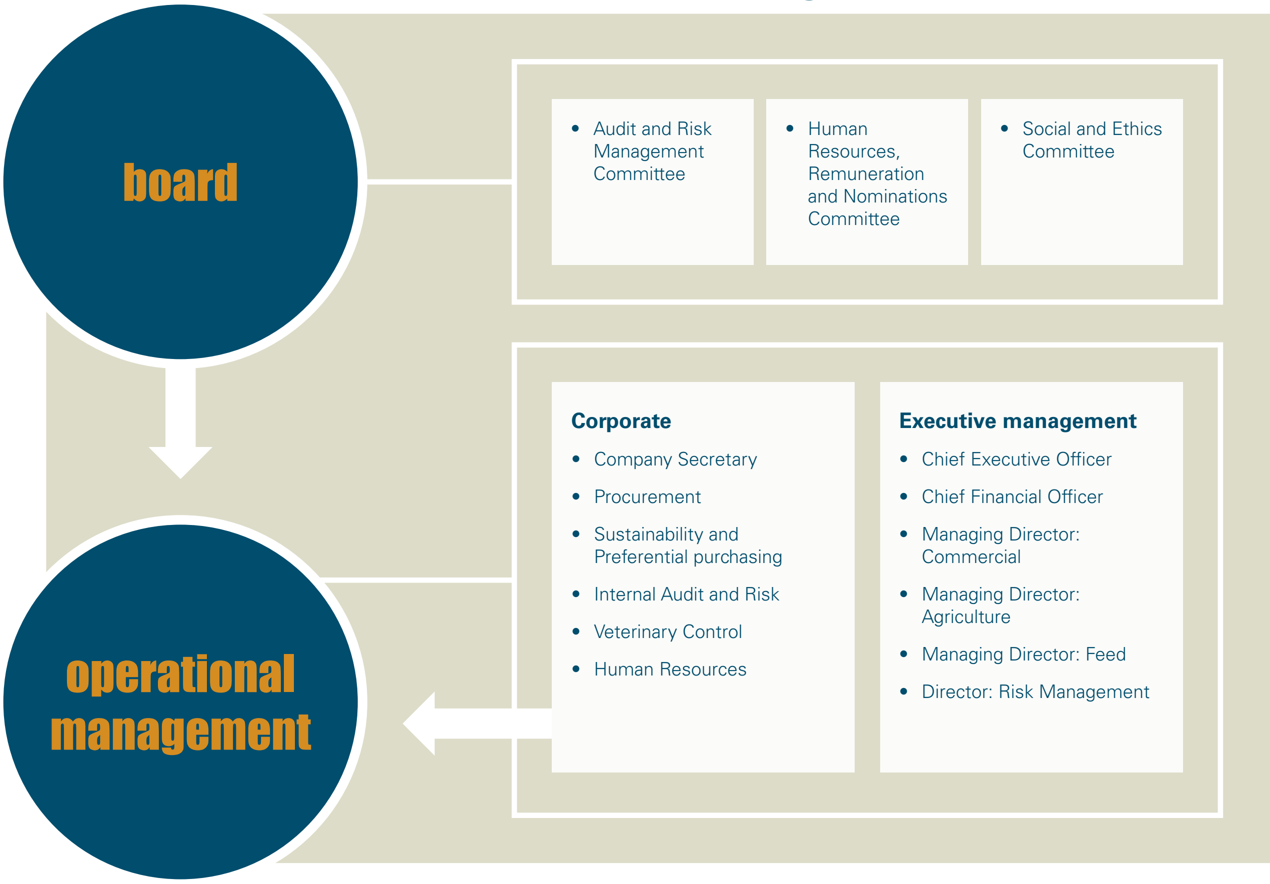
Appointed April 2006

Started his career in 1998 as a recruitment specialist at Team Dynamics (Pty) Limited and progressively developed into a highly experienced human resources practitioner, specialising in Industrial Relations. Joined Transman (Pty) Limited in 2003 as operations manager for the KwaZulu-Natal region and from there was promoted into the position of national labour relations manager. He started with Astral in 2006 as a generalist in the position of human resources manager: Poultry Division and was subsequently appointed as group Human Resources Manager for Astral in January 2016.

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

corporate governance

governance structure



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:

- 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.
- The Chairman is paid a composite annual fee which includes his committee membership. Board members are paid a fixed annual fee in respect of their board membership and additional fixed fee in respect of each committee membership. The fee reflects the responsibilities of the directors that extend beyond attendance at meetings and the requirement to be available between scheduled meetings. The history of attendance indicates that there is currently no necessity to pay an attendance fee per meeting: 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, presently 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 110 of this report.

In September 2016, 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 DJ Fouché was appointed as a director and member of the Audit and Risk Management Committee with effect from 12 November 2015. Mr IS Fourie resigned as director, Chairman of the Audit and Risk Management Committee and member of the Human Resources, Remuneration and Nominations Committee on 14 June 2016 and Mr Fouché was appointed as Chairman of the Audit and Risk Management Committee and member of the Human Resources, Remuneration and Nominations Committee. On 21 September 2016 Dr MT Lategan was appointed as director and as member of the Audit and Risk Management Committee. Mr M Macdonald retired as director and member of the Audit and Risk Management Committee on 11 February 2016 and Dr OM Lukhele resigned as director on 11 February 2016. Mr AB Crocker was appointed as an Executive director on 1 April 2016.

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 three historically disadvantaged South African directors on the board who 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 CV's appear on pages 48 to 51 of this report. In terms of our memorandum of incorporation all new non-executive 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.

corporate governance

(continued)

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:

	Scheduled Board meetings				Stratplan meeting	Special Board meeting
Director	2015 11.11	2016 11.02	11.05	17.08	7.04	14.06
GD Arnold	√	√	√	√	√	√
T Delport	√	√	√	√	√	√
T Eloff	√	√	√	√	√	√
DD Ferreira	√	√	√	√	√	√
IS Fourie	√	√	√	#	√	#
DJ Fouché	°	√	√	√	√	√
OM Lukhele	√	#	#	#	#	#
M Macdonald	√	^	^	^	^	^
TP Maumela	√	√	√	√	√	√
CE Schutte	√	√	√	√	√	√
TM Shabangu	√	√	√	√	√	A
N Tsengwa	A	√	A	√	√	√
MT Lategan	◊	◊	◊	◊	◊	◊

√ Present
 # Resigned 11 February 2016
^ Retired 11 February 2016
A Submitted apologies and granted leave of absence
° Appointed 12 November 2015
◊ Appointed 21 September 2016

Audit and Risk Management Committee

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

Director	2015 30.09	2015 10.11	2016 10.05
T Eloff	√	√	*
M Macdonald	√	√	&
IS Fourie	√	√	#
DJ Fouché	◊	◊	√
TM Shabangu	√	√	√
MT Lategan	@	@	@

√ Present
** Resigned 11 November 2015*
A Submitted apologies and granted leave of absence
◊ Appointed 12 November 2015
 # Resigned 14 June 2016
& Retired 11 February 2016
@ Appointed 21 September 2016

Human Resources, Remuneration and Nominations Committee

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

Director	2015 27.10	2016 22.03	2016 3.08
T Eloff	√	√	√
IS Fourie	√	√	@
D J Fouché		#	√
N Tsengwa	√	√	√

√ Present
 # Appointed 14 June 2016
@ Resigned 14 June 2016

Social and Ethics Committee

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

Director	2015 27.10	2016 2.03	2016 2.08
T Eloff	√	#	#
G D Arnold	√	√	√
LW Hansen	√	√	√
TP Maumela	√	√	√

√ Present
 # Resigned 11 November 2015

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

	Fixed fee per annum R'000
Chairman of the board	950
Member of the board	271
Chairman of the Audit and Risk Management Committee	200
Member of the Audit and Risk Management Committee	105
Chairman of the Human Resources, Remuneration and Nominations Committee	160
Member of the Human Resources, Remuneration and Nominations Committee	89
Chairman of the Social and Ethics Committee	102
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 48 to 51 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 2008 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 three members, all of whom are independent non-executive directors, and meets at least three times a year with management, internal and external auditors as well as the group's Risk Manager.

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

corporate governance

(continued)

The Audit and Risk Management Committee fulfills 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
- 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
DJ Fouché (Chairman)	Yes	November 2015 to date
TM Shabangu	Yes	November 2014 to date
MT Lategan	Yes	September 2016 to date

Internal audit

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

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

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

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

Information technology (IT)

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

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

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

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

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 judgments 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 104 to 106.

The Human Resources, Remuneration and Nominations Committee

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

N Tsengwa chairs all sections of meetings of the committee dealing with human resources and remuneration. However sections dealing with matters related to nominations are chaired by T Eloff, the Chairman of the board.

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

Member	Independent Non-executive	Period
N Tsengwa (Chairman for Human Resources and Remuneration function)	Yes	May 2009 to date
T Eloff (Chairman for Nominations function)	Yes	June 2014 to date
DJ Fouché	Yes	June 2016 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 three members. A formal mandate and terms of reference have been approved by the board. 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
GD Arnold	No	October 2011 to date
LW Hansen	No	October 2011 to date
TP Maumela (Chairman)	Yes	August 2014 to date

corporate governance

(continued)

The main functions of the committee are:

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

- social and economic development;
- good corporate citizenship;
- environment, health and public safety;
- consumer relationships;
- labour and employment;
- drawing matters within its mandate to the attention of the board; and
- reporting annually to the shareholders at the company's annual general meeting on matters within its mandate.

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

Human Rights

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

Labour

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

Environment

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

Anti-corruption

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

Social and ethical awareness

To conduct ethical climate surveys.

Community upliftment and donations

To develop guidelines for charities and sponsorships.

Consumer development

To ensure compliance with the Consumer Protection Act.

Environment and sustainability reporting

To investigate areas which do not fall within the scope of responsibilities of the Audit and Risk Management Committee.

For more information regarding the activities of the committee, refer to the Social and Ethics 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; and
- Action on contravention of the Code.

In terms of accountability, all employees are required to:

- Commit to individual conduct in accordance with the Code of Ethics;
- Observe both the spirit and the letter of the law in their dealings on the group's behalf;
- Recognise the group's responsibility to its shareholders, customers, employees, suppliers and to society;
- Conduct themselves as responsible members of society, giving due regard to health, safety and environmental concerns, and human rights, in the operation of the group's business; and

- Report any suspected breach of the law or the Code of Ethics to the internal audit department or the board who will protect those who report violations in good faith.

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

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

Restrictions on share dealings

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

We have implemented an Information Policy that deals with prohibited periods for dealing in Astral shares, the determination of price sensitive information, periodic financial disclosure and affected directors' dealings in Astral shares. The Information Policy is available on our website, www.astralfoods.com

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 fulfill 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 54.

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.

Astral has adopted a formal Stakeholder Engagement Policy that is available on www.astralfoods.com

For further information on stakeholder communication, please refer to the Stakeholder Engagement Report on page 45.

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 2016 were Mr DJ Fouché, Dr N Tsengwa and Dr T Eloff. Mr IS Fourie resigned as a director on 14 June 2016 and member of the Human Resources, Remuneration and Nominations Committee and Mr DJ Fouché was subsequently appointed as member of the Human Resources, Remuneration and Nominations Committee on 14 June 2016.

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 group Human Resources Manager of Astral Operations Limited attend all meetings by invitation. The Human Resources Director retired 31 March 2016 and was replaced by the group Human Resources Manager. 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 comparable with similar mid-cap companies listed on the JSE Limited 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:

1. **Guaranteed 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 between the 50^{th} percentile and the 75^{th} percentile of mid-cap companies on the Johannesburg Stock Exchange and where special and scarce skills were involved higher.

2. **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 fall into two categories:

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

(b) A business unit operating profit target bonus, covering all other employees of the different business units (PBIT Incentive Bonus Scheme).

(a) 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 amount available 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 are 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%) of cost to company employment cost. 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.

(b) 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:

	2016 R'000	2015 R'000
Top and senior management	**2 048**	104 715
All other employees	**16 133**	66 474
	18 181	171 189

3. Long-term Retention Incentives

a) Share option incentives

No share options have been granted and shareholders have not been requested to approve any allocations since 2013.

b) 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 performance 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 whilst an average increase in EPS equal to the inflation rate will secure a payment equal to 10% of the allocated bonus amount.

remuneration report

(continued)

- 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 is 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:

	2016 R'000	2015 R'000
September 2011 allocation	**–**	1 814
September 2012 allocation	**(3 504)**	19 833
September 2013 allocation	**13 140**	15 530
September 2014 allocation	**16 564**	17 984
September 2015 allocation	**19 297**	–
	45 497	55 161
Actual payments made during the financial year	**47 348**	30 153

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 108.

At its meeting in February 2016, 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 108.

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

Employee 1	R3 847 000
Employee 2	R3 529 000
Employee 3	R3 489 000

The above amounts include salary, performance related bonuses, long-term retention payments, 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 2016/17 financial year were reviewed by the committee and the board in August 2016 and will be approved by shareholders at the annual general meeting in February 2017. 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 in 2016 and this practice will continue for the 2017 financial year. The Chairman of the board is 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);
- Should be in the range between the median and upper quartile of mid-cap companies of the Johannesburg Stock Exchange; 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.

Work tendered by any non-executive director on any special project will be subject to written approval by the board and will be remunerated at a flat fee of R25 000 per pre-approved project.

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 of the board during 2016 were as follows:

	R'000
Chairman of the board	950

The board approved a 15.5% increase for the 2017 financial year, which brings the remuneration of the Chairman to R1 100 000 per annum. The primary condition for the payment of the all-inclusive fee paid to the Chairman is that he is required to attend all meetings of the board and sub-committees of the board during the year.

Shareholders will be required to vote on the non-executive directors fees set out in the notice of the annual general meeting on page 163 of this integrated annual report at the annual general meeting to be held on 9 February 2017.

For information regarding fees for acting as non-executive director and member of the various board committees, refer to the Corporate Governance Report on page 59.

For information regarding executive directors' emoluments paid, refer to the Directors' and Prescribed Officers' Remuneration Report on page 108.

Nombasa Tsengwa
Chairman, Human Resources, Remuneration and Nominations Committee

16 November 2016

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 2016, the committee comprised TP Maumela (Chairman), GD Arnold and LW Hansen. The Chairman is an independent non-executive director.

Mandate and terms of reference

A formal mandate and terms of reference for the committee were adopted by the board of Astral.

Work plan

During the year the committee concentrated on the work plan 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)
- 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 59 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; and
- Human resources legislation.

The committee authorised that a further Employee Engagement Survey be conducted in order to understand the engagement and commitment levels of employees within the group. It is expected that the results of the survey will be available in February 2017.

Two policies were submitted to the board for formal approval during this financial year, namely the Diversity Policy and the Stakeholder Engagement Policy.

As part of the social and economic development of Astral, we received a level 4 economic empowerment rating in February 2016. Our skills development score increased as a result of the number of learnerships, management training and other interventions such as risk and safety training courses introduced in recent years.

Astral spent R7 million on the wellness programme during the past year and the return on investment was more than R30 million. The programme had a huge motivation effect on our employees.

corporate responsibility

MARKETPLACE

Corruption prevention

Economic development

Broad-based black economic empowerment

Next steps

During the next financial year the committee will continue to 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; and
- Ethics.

Taki Maumela
Chairman, Social and Ethics Committee

16 November 2016

WORKPLACE

Decent work

Employment equity

Employee safety and health

Education of employees

SOCIAL ENVIRONMENT

Consumer relations

Community development

Public health and safety

Consumer protection

Donations and sponsorships

NATURAL ENVIRONMENT

Environmental impact

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 97)
Company Secretary	Corporate governance, including all aspects related to the King III Report (see pages 56 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 102 to 158)
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 56 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 40.

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

	2016		2015	
	R'000	%	R'000	%
Value added				
Sales of goods and services	**11 953 870**		11 265 962	
Less cost of materials and services	**(9 901 085)**		(8564 697)	
Value added from trading operations	**2 052 785**	**99.7**	2 701 265	99.5
Income from investments	**5 219**	**0.3**	12 810	0.5
Total value added	**2 058 004**	**100.0**	2 714 075	100.00
Value distributed				
To Labour	**1 350 330**	**65.6**	1 436 515	52.9
To government	**164 606**	**8.0**	321 477	11.8
Income tax	**154 046**		313 655	
Skills development levies	**10 560**		7822	
To providers of capital	**400 530**	**19.5**	343 707	12.7
Dividends to shareholders	**373 316**		320 719	
Interest on borrowings	**27 214**		22 988	
Total distributions	**1 915 466**	**93.1**	2 101 699	77.4
Income retained in the business	**142 538**	**6.9**	612 376	22.6
Depreciation/amortisation/impairments	**143 687**		153 156	
Retained profit for the year	**(1 149)**		459 220	
Total value distributed and reinvested	**2 058 044**	**100.00**	2 714 075	100.0

4. Social aspects

Issues:

- Broad-based black economic empowerment (BBBEE)
- 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 (BBBEE)

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

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

	2016	
	AIC	**White**
Board (Non-executive directors)	**3**	**3**
Executive – F	**0**	**5**
Senior management – E	**9**	**40**
Middle management – D	**26**	**86**
Skilled upper/technical – C	**205**	**270**
Semi-skilled/apprentice/trainee – B	**1 428**	**182**
Labourers/unskilled – A	**4 864**	**11**
Total	**6 535**	**597**

Note 1: Employee categories are defined using the Paterson grading methodology (F-A)

Number of employees at the end of September – group

	Feed		Poultry		Other Africa		Corporate		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Permanent	**557**	582	**6 550**	7 137	**566**	582	**24**	22	**7 697**	8 323
Contract	**118**	184	**4 735**	4 516	**7**	0	**0**	0	**4 860**	4 700
Total	**675**	766	**11 285**	11 653	**573**	582	**24**	22	**12 557**	13 023

Group	**%**
Female employees	47.00
Workforce (employees and contractors) operating in South Africa	95.43
Management (top and senior) who are deemed HDSA	0.14
Employees who are deemed HDSA	91.65
Permanent employees	61.29
Employees belonging to a Trade Union	31.48
Employee turnover (number of persons who departed relative to the total number of employees at year end)	3.42
Employees trained in South Africa	28.85
Training spend in South Africa	1.37
Total Person Days lost due to absenteeism	1.26
Total Person Days lost due to Industrial Action	0.00

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 32% of bargaining units. The company experienced no strike action during the year.

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

Health and Safety

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

Senior management within each operation is responsible for occupational health and safety and is committed to provide the necessary financial and human resources to ensure that the following objectives are implemented, monitored and maintained:

- Compliance: Adherence to all applicable health and safety legislation, standards, frameworks and best practice relevant to the Astral Group.
- Risk assessment: Continually identify, evaluate and mitigate health and safety risks within the group. Internal and independent external audit are conducted on a regular basis.
- Risk mitigation: Identification of workplace hazards and the provision of the required safety equipment, procedures and training to employees to mitigate against accidents, injuries and diseases.
- Training and awareness: Promote awareness and sense of responsibility among employees with effective health and safety communication, training and awareness and consultation with all levels of employees, contractors and other stakeholders directly affected by our activities and processes.
- Commitment: Integrated comprehensive management systems which ensure accountability for employees' wellbeing.
- Continual improvement: Periodical review of the relevance and appropriateness of the above endeavours to ensure continually improvement in the group's health and safety efforts.

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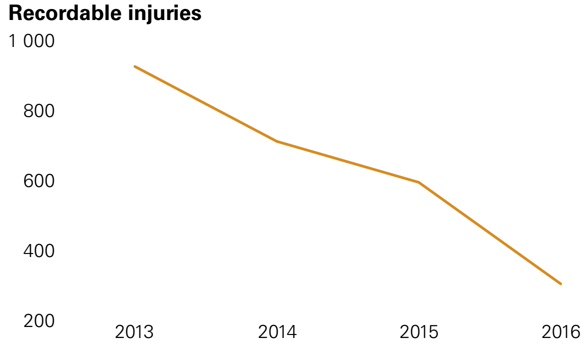
Astral aims to minimise and prevent any injuries and accidents. The Lost Time Injury Frequency rate is calculated by all business units. This provides for accurate benchmarking between business units and a measuring tool to compare current and past performances. The group has set an Injury frequency rate target of 2.5 for the milling operations and 3.0 for the processing facilities

Operational targets were also set to reduce the recordable injuries by 10%. This resulted in a reduction in the total number of recordable injuries of 33% year-on-year.

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.

Recordable injuries



	Farming		Processing		Milling		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Number of fatalities	**5**	0	**1**	1	**0**	1	**6**	2
Number of first aid cases	**28**	25	**79**	167	**14**	30	**121**	222
Number of medical treatment cases	**13**	24	**27**	37	**7**	9	**47**	70
Number of disabling injuries	**65**	84	**137**	183	**17**	27	**219**	294
Number of recordable injuries	**111**	133	**244**	388	**38**	67	**393**	588
Injury frequency rate	**2.04**	1.87	**2.71**	2.15	**2.44**	1.66	**2.12**	1.69
Fatal Injury frequency rate	**0.09**	0	**0.05**	0.04	**0**	0.02	**0.06**	0.02
Total recordable injury frequency rate	**2.93**	2.74	**2.96**	2.62	**2.72**	2.76	**2.98**	2.88

Fatalities

Two unfortunate incidents occurred during the current year where Astral employees lost their lives.

A farms vehicle transporting employees was involved in an accident in the Standerton area on 21 October 2015 and five employees sustained fatal injuries.

The second unfortunate incident occurred in February 2016 at the Goldi plant.

Our heartfelt condolences to all family members. Astral provided support and counselling to the next of kin.

Operation	Date	Individual	Age	Years' service
Goldi Farm Services Department	21/10/2015	PM Chinela	25	20 days
		T Miya	23	23 days
		BA Mngwevu	26	26 days
		ML Mokoena	26	5 years
		SJ Tshabalala	44	13 years
Goldi Standerton Primary Processing	12/02/2016	JS Ndhlovu	37	15 years

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 83% and 99% of employees are from the designated groups. We believe that no unfair discrimination exists in the workplace.

Wellness programme

Our first initiative was to focus on HIV/AIDS.

We recognise the implications of the pandemic on the family structure, the community and long-term issues of sustainability. The reality is that the prevalence of HIV/AIDS among our workforce is currently estimated to be about 22.7% overall, the same as at the end of 2015. 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;
- training of peer educators.

68.5% of employees participated in the Wellness screening and 88% 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 R9,6 million on this programme.

Training

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

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

During the past year, 18 participated in the Advanced Management Programme (AMP) and 18 participants in the Middle Management Programme (MMP). Of these participants close to 61% 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 R17 349 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 3.57% on average for the group.

The absenteeism rate decreased from 1.2% (2013/14) to 1.22% (2015/16) which equates to a saving of R4.6 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.

Cancer.vive Ride 2016

This year, the vibrant and colourful team of Cancervivors once again took to the open road in a convoy of Motorcycles and support vehicles in a quest to educate South Africans about the importance of early detection of Cancer as well as to eradicate the many myths that are ever so present in our rural areas. The team of brave Cancer survivors, enthusiastic supporters, and dedicated crew shifted into fifth gear from 8 to 18 September 2016 during which they covered a staggering distance of 2 600km!

Cancervive is a survivor-driven project that was established in response to the dire need for cancer awareness and education in South African communities, especially in the remote areas where access to information is a big challenge.

Over the past six years, they have entertained, engaged and most importantly, educated more than 190 000 South Africans across eight provinces, in seven languages, covering a total distance of over 16 200 km.

In 2016, for the first time, the Cancervive launch and departure was televised LIVE and appeared on TV screens across South Africa! They secured the three-hour slot on the popular morning Expresso Show on SABC 3, during which viewers experienced the many facets of the work they do. Viewers could also follow the whole journey with LIVE crossings on the show every day!

The education surrounding Cancer, as always, was presented in a unique and powerful way where the message was conveyed through inspirational music, dance, and poetry. The focus was primarily on schools, hospitals, factories and communities where information regarding Cancer is not always readily available or easily accessible.

Upon arrival at the many locations along the route, the Cancervivors performed an attention-grabbing show, shared motivational messages and told remarkable stories of survival as music and laughter echoed through the halls and the audiences erupted in applause and appreciation!

For the Cancervive Organisation, caring and showing compassion are integral components. They know that the fight against Cancer can be terrifying and lonesome and it is a priceless gesture when a stranger shows up at your bedside, while you are undergoing treatment, to say "you are not alone". And so, along the journey, survivors visited hospitals and clinics where they interacted with patients, showing them unconditional care, support and hope, as living testaments that Cancer can be beaten. The faces of children, mothers and fathers alike, lit up with hope and they were ready to fight the disease with renewed determination!

The Cancervivers seize every moment they have and celebrate life to the fullest, proving that not only can you survive Cancer, but you can ***thrive***!

Cancervive is a special awareness and educational project of People Living With Cancer (PLWC), an NPO founded by Cancer Survivors. The project is dedicated to informing people about early cancer detection, as well as offering support to people living with the disease.

Astral Cargill's Cancer.vive Golf Classic raises over R200 000

The second Cancer.vive Golf Classic, hosted by Astral, in partnership with Cargill, raised over R200 000 for cancer-related causes.

The golf day was held on 26 May 2016 at the Els Club Copperleaf. Astral and Cargill raised R100 000 for Cancer.vive and received pledges of R107 000 from companies and individuals. As part of the fund-raising effort the winners of the tournament are awarded a cash donation to the cancer-related cause of their choice.

The winners of the tournament, Vea Road Maintenance and Civils, and the runners-up, Pride Milling, donated their prizes of R15 000 and R10 000, respectively, to Choc. Nutri Feeds donated their third prize of R5 000 to Cancer.vive.

"We are delighted with the success of the second tournament, and for the generous donations to this worthy cause by our customers and suppliers. We have exceeded our target of raising R100 000 for Cancer.vive," said Chris Schutte, CEO of Astral Foods. "As part of our overall Corporate Social and Investment focus, Astral looks forward to continue its support for cancer-related issues," he said.

According to Brendan De Boer, head of Cargill's business in Sub Saharan Africa, the company is proud to be a co-sponsor of the Cancer.vive Golf Classic. "As part of our commitment to feed the world in a responsible way and to help improve the communities where we live and work, the sponsorship gives us the opportunity to show our commitment in a tangible way."

Andy Crocker, Managing Director of Meadow Feeds, a subsidiary of Astral that organised the Golf Day, says through participation in the Cancer.vive Golf Classic customers and suppliers contribute in a meaningful way to raise awareness of the importance of early detection of cancer and to educate as many people as possible on the signs and symptoms of cancers.

One hundred and twenty players took part in the tournament this year, with various four-balls and individuals donating an additional R107 000 to Cancer.vive.

"I would like to thank Astral and Cargill for hosting the second Cancer.vive Golf Classic to raise the much needed funds to support our cause. We are able to reaffirm our message that cancer is not a death sentence but early detection of the disease, which affects so many South Africans from all walks of life, can be prevented." said Janie du Plessis, CEO of Cancer.

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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	2016	2015
Number of calls received	**48**	38
Number of reports generated	**42**	24
Number of reports investigated	**41**	23
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	3
Human resource infringements	19
Fraud	1
Unethical behaviour	1
Customer complaints	18

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

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.

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 road shows Management and union meetings Internal newsletters and notice boards
Suppliers	Presentations to Procurement Committee Regular discussions
Government	Adhering to laws and regulations Face-to-face meetings

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

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

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

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

Product responsibility

The need for manufacturers to market products that meet the required food safety standards has resulted in a number of ongoing initiatives and practices to comply with legislation. 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 (SAPA), 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 humanely performed on breeder males to prevent injury to breeding hens.

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Customers

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

Suppliers

Raw material availability is synonymous with two main risk areas, namely price and quality/supply. The agricultural commodity markets, as with other commodities, equities and currencies, have been extremely volatile over the past twelve months as a result of the financial crisis, global recession, inclement weather, market sentiment and money flows. High volatility leads to increased price risk which is managed by having a conservative approach to market exposure together with access to knowledgeable and respected advisors and suppliers. These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Animal feed is an industry where raw material substitution is an essential skill to optimise feed quality and price. We are a major player in the South African arena but only use approximately 0.1% of the global maize and soya production. Our skill in raw material substitution and access to suppliers with an international footprint will ensure that we will remain a reliable supplier of quality feed.

Preferential procurement

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

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

Historically Disadvantaged South Africans (HDSA) Spend

1. HDSA companies – companies owned and controlled by HDSA – companies with 51% and more Black ownership.
2. Discretionary procurement spend – the sum of all spend on capital, consumables and services excluding inter-company, government, parastatals, municipalities, imported technology and material that is not available locally.

Discretionary procurement spend

No.	Type of procurement categories	Percentage of spend with HDSA companies	
1	Capital	2.6	5.2
2	Consumables	6.7	9.9
3	Services	27	12.9
	Total	**14.5**	**10.5**

Contract growers

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

Contract growers are regarded as enterprise development on the BBBEE scorecard and an amount of R36,4 million has been spent in this regard.

Contract growers	2016	2015
Total number of contract growers	**89**	82
Number of BBBEE contract growers	**13**	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 focussing 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.

LOGISTICS ACHIEVER AWARDS

Logistics Achiever Awards held at MonteCasino

The recent Logistics Achiever Awards held on 13 October 2016 at Montecasino in Johannesburg, is known as "the blue ribbon event" of the year on the logistics industry leadership and supply chain calendar. The awards aim to recognise achievements and innovations "*that have created market advantage today for a strong, sustainable foundation into the future.*"

Meadow Feeds and Barloworld Transport first started their relationship in the Western and Eastern Cape regions of South Africa during 2002. This early alliance has grown into a nationwide collaborative partnership that has demonstrated agility and trust through a dynamic business relationship that continues to unlock tremendous value across the total supply chain for both businesses.

The current 10-year contract, which was signed between Barloworld Transport and Meadow Feeds in 2011, is unusual in the transport industry. Since then there have been various environmental initiatives that have resulted in an overall 30% reduction in CO^2 emissions amounting to 110 971 trees saved. This was made possible by a 30% reduction in fuel usage, 23% less kilometres travelled and a 30% reduction in CO_2 emissions. Neil Henderson, CEO of Barloworld Transport elaborates that throughout the partnership, Barloworld Transport has increased volumes by 25% and average payloads by 10% while managing to keep fleet volume growth at only 4.5%.

Meadow Feeds and Barloworld Transport were the only entrant to be presented with three awards, viz.,

Enviro Award

"an outstanding contribution to the environment through an innovative sustainable transportation solution".

Gold Award

"excellence in logistics and supply chain management in the innovation and sustainability of a supply chain partnership".

Overall Winner

"excellence in logistics".

New Hope School – Casual Day involvement 2016

1. History of institution

What started out as a school for 33 learners, 14 staff members and two house mothers in the old St. Peters Hostel in Murray Street, Brooklyn, New Hope School moved into a new school building in 1979. The school was built on a farm of which the homestead was called "New Hope''

Today New Hope School has 410 learners. The School caters specifically for multi-cultural learners from pre-school up to grade twelve, also vocational and life skills, who experience barriers to learning such as cerebral palsy, various forms of physical disabilities, traumatic head injury or specific learning disabilities. The learners are also taught vocational and life skills.

All of the learners in the school have some challenges that affect the way they learn, and the school has a strong focus on developing children academically as far as possible. There are many success stories of learners whose lives have been changed by their time in New Hope School.

2. Astral's involvement

Since 2005, Astral has made a commitment towards the national 'Casual Day' initiative. This year, the Astral Group decided to support New Hope School in Pretoria, in terms of selling Casual Day stickers on their behalf, as well as encouraging our suppliers and 'friends of Astral' to come on board and make donations directly to New Hope School.

The total amount of R58 569,60 has been paid over to New Hope School, and the amount is made up as follows:

- 1 500 stickers were sold @ R10 each, which totalled to R15 000,00.
- Donations to the amount of R43 569,60 have been received.

Astral would like to express our gratitude to all staff, 'friends of Astral' and suppliers for their valued contribution. Thank you to:

- AFMA
- TUV Rheinland
- Cargill
- Techmach Technology
- M&C Bearings
- In2Security and Fire
- Sahara Sand
- Aqua Plumbing
- Belloord
- RMG Forensic Services
- MQL

Astral's support has made a significant contribution in raising funds, creating awareness and making a contribution to one of the country's most vulnerable sectors: persons with disabilities. Furthermore, our support has made a contribution towards empowerment of persons with disabilities and the creation of an inclusive society.

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.

	HACCP	FSSC 22000	RETAIL FSA	EXPORT	McDonalds	Spar Q Pro	YUM FSA	YUM QSA	NANDO'S	HALAAL
Festive	Exempted	Certified	Exempted	Approved	Approved	Exempted	Exempted	Approved	Approved	MJC
Goldi	Exempted	Certified	Exempted	Approved	N/A	Exempted	Exempted	Approved	Approved	MJC
Goldi Further Processing	Exempted	Certified	Exempted	Approved	N/A	Exempted	N/A	N/A	N/A	MJC
Mountain Valley	Exempted	Certified	Exempted	N/A	N/A	Exempted	N/A	N/A	Approved	SANHA
County Fair – Hocroft	Certified	Stage 1 approved	Approved	Approved	Approved	Approved	N/A	N/A	Approved	MJC
County Fair – Epping	Certified	Stage 1 approved	Approved	N/A	N/A	N/A	N/A	N/A	N/A	MJC

HACCP – Hazard Analysis and Critical Control Point Systems
FSSC – Certification Scheme for Food Safety Systems including ISO 22000; ISO/TS 2009 :1-22002 and additional FSSC 22000 requirements
FSA – Food Safety Management System
QSA – Quality Safety Management System
MJC – Muslim Judicial Council certified
SANHA – South African National Halaal Authority certified
Q Pro – Food Safety and Quality Audit certification
Exempted – If a facility is FSSC 22000 certified, they are exempted from majority of the audits as a result of this international standard being accepted by the industry

Feed

	ISO 9001:2008	ISO 22000:2005	ISO 9001:2015	AFRI COMPLIANCE
Meadow				
Randfontein	√	√	–	√
Delmas	√	–	–	√
Standerton	–	Stage 1 Audit – Compliant Stage 2 Audit – To be scheduled	Stage 1 Audi t– Compliant Stage 2 Audit – To be scheduled	√
Pietermaritzburg	√	√	–	√
Paarl	√	√	–	√
Port Elizabeth	√	–	–	√
Ladismith	√	–	–	√

ISO 9001:2008 – Quality Management Systems certification
ISO 22000:2005 – Food Safety Management Systems certification
ISO 9001:2015 – Quality Management Systems certification (Replaces ISO 9001:2008 in 2018
AFRI COMPLIANCE – Compliance to AFRI Compliance Protocol – Legal focus viz Act 36 of 1947

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:

	2016 R'000	2015 R'000
Education	**2 875**	720
Skills development, including adult basic education	**6 059**	190
Health, including HIV/AIDS	**9 776**	9 400
Basic needs and social development, including nutrition and/or feeding schemes	**873**	809
Enterprise development	**36 400**	35 218
Other	**273**	150
Total	**56 256**	46 487

6. Environment

At the Paris climate conference (COP21) in December 2015, 195 countries adopted the first-ever universal, legally binding global climate deal. The agreement set out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2 degree Celsius. The agreement is due to come into force in 2020.

South Africa calls for enhancement of mitigation ambition in accordance with the provisions and principles of the Convention with a view to achieving the below 2 degree Celsius target.

Astral acknowledges its responsibility to the environment extends beyond legal and regulatory requirements and is committed to making its contribution to reducing carbon emissions. In this regard, Astral partnered with the National Clean Production Centre South Africa (NCPC-SA), the South African National Energy Development Institute (SANEDI) and various key stakeholders towards taking strides in reducing its environmental impact.

Environment Impact Assessment (EIA)

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

sustainability report

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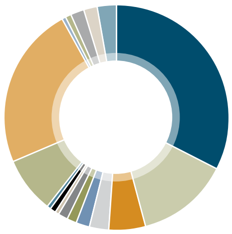
Astral total emissions by source (Oct 2009 to Sept 2010)
Total: 508 783.36 Tonnes CO_2e



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

In difficult economic conditions, striking a balance between business sustainability and environmental sustainability is a challenge as the cost versus benefit of sustainability projects are difficult to justify in the short-term. Another challenge is mitigating operational and supply chain risks, prior to the implementation of sustainability projects.

The adoption of entrepreneurial and participative management strategies at Astral, assist in combating the above challenges which incorporates strategic partnering with internal and external stakeholders. Through strategic negotiations, sustainability agreements making business Cents are structured, since the following process is usually followed before sustainability projects are approved:

- Pilot projects are negotiated to be conducted at supplier's cost
- Pilot projects are evaluated, ensuring operational approval are met
- Cost versus benefit – The financial payback and impact to business are key factors evaluated, before projects are approved

The goal is to do more with less and ensure reputable, reliable and value adding service providers with proven sustainable solutions are incorporated into the supply chain.

Environmental sustainability vision

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

Environmental sustainability mission

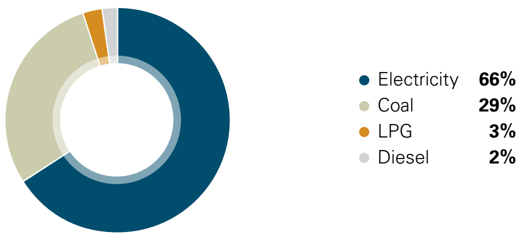
Through participative management, innovative and sustainable carbon reduction solutions will be investigated and value adding proven solutions will be implemented.

Significant environmental aspects

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

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

Significant Environmental Aspects Carbon Emissions F2016



The significant environmental aspects carbon emissions for F2015/F2016 are at 480 000 tonnes CO_2e. Electricity accounts for 66% of the significant environmental aspects carbon emissions, followed by coal at 29%.

Objective and targets

Objective

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

Targets

Significant environmental aspects carbon emissions reduction target for F2016/F2017:

No.	Significant environmental aspects	F2016/F2017 – Carbon emissions savings target (tCO_2e)
1	Electricity	3 344
2	LPG	0
3	Diesel	18
4	Coal	227
	Total	**3 589**

The following targets are also set for F2016/F2017:

No.	Environmental aspects	UOM	Savings target (F2016/2017)
1	Packaging material recycled	Tons	448
2	Water – Conservation and efficiency improvements	kl	2 592
3	Water recycled	kl	161 682

Process outline

Each business unit is responsible to meet its environmental targets and interacts with other business units and stakeholders 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 year end, business units set environmental targets for the following year.

The annual environmental sustainability report includes a report back on environmental targets as well as a sustainability progress action plan.

Responsibilities

The Chief Operating Officer (COO) 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.

Sustainability data

Environmental aspects	2016 – Actual	2017 – Target	Change
Stationary fuels			
Coal (GJ[1])	**1 384 136**	1 030 588	(353 548)
Coal saved due to conservation and efficiency improvements (GJ[1])	**50 648**	5 590	(45 058)
LPG (GJ[1])	**241 038**	213 073	(27 965)
LPG saved due to conservation and efficiency improvements (GJ[1])	**0**	0	0
Mobile fuels			
Diesel (GJ[1])	**118 020**	128 546	10 526
Biofuel (GJ[1])	**0**	0	0
Diesel saved due to conservation and efficiency improvements (GJ[1])	**841**	219	(622)
Energy			
Electricity (GJ[1])	**1 145 743**	1 133 885	(11 858)
Energy saved due to conservation and efficiency improvements (GJ[1])	**6 656**	12 038	5 382
Water			
Water consumption (kl[2])			
From boreholes (kl[2])	**1 585 554**	1 467 452	(118 102)
From municipal sources (kl[2])	**5 047 181**	4 599 527	(447 654)
Water saved due to conservation and efficiency improvements(kl[2])	**2 537**	2 592	55
Recycled water (kl[2])	**160 562**	161 682	1 120
Recycled water as a percentage of total water	**2%**	3%	1%
Materials			
Packaging material (tons)	**14 080**	12 708	(1 372)
Recycled – Packaging material recycled (tons)	**423**	448	25
Effluents and waste			
Waste to landfill (tons)	**20 150**	21 301	1 151
Hazardous waste disposed (tons)	**46**	42	(4)
Water discharged (kl)	**3 705 399**	3 495 150	(210 249)
Litter (m^3)	**484 645**	480 995	(3 650)
Number of significant spills	**0**	0	0
Recycled – Litter (m^3)	**482 350**	478 349	(4 001)
Recycled waste as a percentage of total waste	**96%**	95%	(1%)
Other			
Number of environmental non-compliance prosecution and fines	**0**	0	0

[1] GJ-gigajoule
[2] kl-kilolitre

Implementation plan

Without commitment, participative management, training, funding and co-operation, sustainability implementation is a dead end journey.

At Astral, strategic alliances established with key external stakeholders such as the National Cleaner Production Centre South Africa (NCPC-SA), assists in keeping the sustainability journey in motion. Internally, Astral have various teams focusing on the goal of doing more with less, but focus is on the Astral Energy Management Team below to deliver the goods.

Meadow

More than just feed

Meadow Feeds extends a helping hand to farmers and fellow South Africans

South Africans around the country were made aware of the drastic shortage of water early in January, and the call went out to those returning from their holidays to drop off water in towns that had run dry.

Meadow Feeds heeded these calls and Operation-H-2-gO was launched with the Managing Director, Andy Crocker, setting aside R1 000 000 to be used for water and animal feed relief in the drought-stricken areas. Barloworld agreed to work with Meadow and provided transport and Belloord provided the staff.

Once logistics had been finalised and 1 700-25 litre water bottles purchased, our first response was to Water Shortages SA who had requested that we send water to Louis Trichardt where the local community was in desperate need of water. Meadow delivered 33 000 litres of water to Brian du Plooy at Montimart who then arranged for the water to be distributed in the township.

Boere in Nood then approached us for to assist with feed for farmers. We heeded the call and donated 128 tons of feed to them to assist needy farmers who were without water and feed. We also teamed up with Gift of the Givers and donated a further 64 tons of feed to their outreach programme.

The NSPCA approached us to assist with their outreach to Promfret. Dirk Vorster, Chief Operating Officer of Meadow Feeds Randfontein, together with three staff members, Herman van der Westhuizen, Murray van Niekerk and Wimpie Lambrecht, drove up to Promfret to assist the NSPCA. They helped clean a temporary warehouse and rooms that could be used by the NSPCA as a temporary clinic. Barloworld delivered 54 tons of donated animal feed and 20 000 litres of water, which the staff at Belloord had bottled, which could be collected when the farmers brought their pets in for treatment. The staff assisted the SPCA donkey team in assisting the owners to repair the donkey bits where possible. New ones were handed out where necessary.

Meadow Feeds has thoroughly enjoyed getting involved in the various communities, and making a difference where we can.

Integrated reporting and assurance services award

Astral received the award for the best Environmental, Social and Governance (ESG) reporting for 2016 in the Food and Beverage sector of all listed companies on the JSE. Maryna Eloff, our group Company Secretary accepted the award on behalf of Astral.

Astral currently ranks number 14 overall out of 297 JSE listed companies plus 14 state-owned enterprises.

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Astral Energy Management Team

No.	Name of Business Unit	Energy Management System (EnMS) Implementation Training	EnMS Project – Implementation	EnMS Project Status	Name of Energy Champions
1	Mountain Valley	√	Training programme – BU as Host Plant	Commence – Oct 2016	Keith Elleker
2	National Chicks	√			Dave Cummings
3	Meadow Feeds Pietermaritzburg	√	Industrial Energy Efficiency Project	Project completed – Sept 2016	Malcolm Pickard
4	Goldi	√	Industrial Energy Efficiency Project	Project in progress – To be completed by Feb 2016	Allen Duncan/Goliath Muleya
5	Meadow Feeds Standerton				Wolfgang Stuckler/ Boysie Naidoo
6	Meadow Feeds Delmas				Phillip Henry
7	Meadow Feeds Randfontein	√	Training programme – BU as Host Plant	Commence – Oct 2016	Shaveer Chathury
8	Cal				Jacky Felix
9	Ross Poultry Breeders				Dave Kraitzick
10	Festive	√	Training programme – BU as Host Plant	Commence – Oct 2016	Albie Muller/ Sakkie De Wet Marais
11	Meadow Feeds PE	√			Ernest Swanepoel
12	Meadow Feeds Paarl	√	Training programme – BU as Host Plant	Commence – Oct 2016	Tiaan Auret/Cobus Buckle
13	Meadow Feeds Ladismith				Jonny Grundling
14	County Fair		Industrial Energy Efficiency Project	Project in progress – To be completed by Dec 2016	Gerrit Visser

Industrial Energy Efficiency Project

The main purpose of the industrial efficiency project aims at providing technical assistance to industries in using energy management system techniques as tools to achieve sustained energy efficiency. In F2015/2016, the following business units participated in the industrial efficiency project via the NCPC-SA:

- Meadow Feeds Pietermaritzburg
- County Fair
- Goldi

The project was completed at Meadow Feeds Pietermaritzburg and an Energy Management Systems (EnMS) report was submitted by the NCPC-SA to Meadow Feeds Pietermaritzburg in September 2016. The Energy Management Systems (EnMS) report for County Fair will be submitted in December 2016 and to Goldi in February 2017.

Training programme – Business unit as host plant

The NCPC-SA promotes the implementation of resource efficiency and cleaner production methodologies – identifying and advising on cost saving options through:

- Reduced energy
- Water and materials usage
- Efficient use of waste and waste management

The NCPC offers experiential learning opportunities in sustainability, resource efficiency and cleaner production methodologies to industry, through its various Expert Level Training Programmes, by partnering with particular organisations who volunteer as Host Plants for these training programmes. A suitably qualified employee of the participating company is trained by the CSIR on the end-user level training. The following business units at Astral in F2016/F2017 will be participating in the above training programme:

Mountain Valley	Keith Ellerker
Meadow Feeds Randfontein	Shaveer Chathury
Festive	Sakkie De Wet Marais
Meadow Feeds Paarl	Cobus Buckle and Tiaan Auret

The training programme is scheduled to commence in October 2016.

Established relationships with the South African National Energy Development Institute (SANEDI)

The COP 21, Paris agreement to limit global warming well below 2˚ is a huge challenge and the pressure on countries to comply is forthcoming. In relation to emerging countries, SA's carbon emission is high and South Africa will be compelled to implement carbon tax as a punitive measure, sooner than later.

To safeguard the security of energy supply and combat the negative effects of Climate Change, South Africa prompted the development of tax incentives. Section 12L of the Income Tax Act is an allowance given to any commercial business, able to show measured and verified energy efficient savings, attained over 12 consecutive months.

The allowance was increased from R0.45 to R0.95 per kWh of verified energy savings. However, the SANAS Measurement & Verification (M & V) cost will be for the account of the taxpayer.

In September 2016, a relationship with SANEDI was established to investigate options of working together on sustainability projects at Astral.

National Sustainability and Energy Management Meetings

In May 2016, a national sustainability and energy management meeting was held whereby energy champions from all business units were invited to attend. The purpose of the national sustainability and energy management meeting are:

- To provide feedback on prior year's sustainability progress, targets set for new financial year and update on sustainability projects.
  Responsible – group Purchasing and Sustainability Manager.
- Presentation by business units of successful sustainability projects implemented.
  Responsible – Business unit energy champions.
- Presentations by external parties with proven value adding sustainable solutions.
  Responsible – Approved Astral service providers or potential service providers.

The next national sustainability and energy management meeting is scheduled for February 2017.

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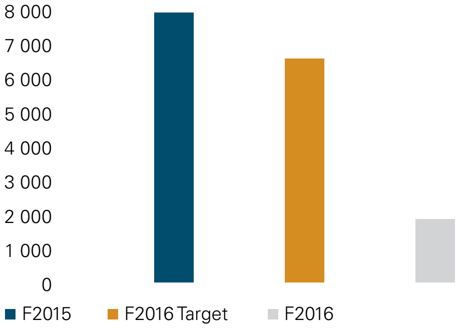
Action plans

Electricity saved – kWh ('000)



Electricity savings analysis

Electricity saved in F2016 is at 1 849 kWh'000 versus the F2016 target of 6 552 kWh'000 and prior year of 7 895 kWh'000. The trading conditions in F2016 were tough and it was not business as usual for Astral. Therefore, the savings achieved in F2016 are not a true reflection of the energy efficiency action at Astral. The oversupply of chicken due to the flooding of imports and the economic downturn in South Africa resulted in a number of capacity adjustments at business units. At County Fair, more shifts were worked in F2016 than in F2015, increasing energy usage due to changes in product mixes. At Goldi, the economy of scale benefit of energy utilisation was negatively impacted due to the decrease of chickens slaughtered per week.

Despite the above, energy savings were achieved through the implementation of the following projects at Astral:

- Implementation of Energy Management Systems (EnMS)
- Installation of energy efficient equipment
- Installation of energy efficient lighting
- Behavioural Changes – driven by energy efficiency awareness programmes at business units

Replace Coal with Light Straight Run (LSR) at Mountain Valley

In F2015/F2016, the trial project to replace coal burning to Liquid Petroleum Gas (LPG) at the abattoir did not materialise since Sasol repudiated the County Fair bulk supply agreement, due to the shortage of LPG in South Africa.

However, an agreement was reached with Sasol to replace coal with Light Straight Run (LSR), an innovative liquid fuel. LSR has a higher calorific value and is less carbon intensive than coal.

Before the above agreement was reached, the following proactive risk and implementation management measures were undertaken:

- In May 2016, key representatives from Astral and Astral's energy management team attended a demonstration at Sasol's plant in Sasolburg where Sasol demonstrated the performance of LSR. All attendees present were highly impressed with the demonstration.
- In July 2016, a meeting was held at Mountain Valley with representatives from Sasol (LSR supplier), Combustion Technology (LSR Burner supplier), the Pietermaritzburg fire department, the Camperdown municipality, Mountain Valley and Astral. The purpose of the meeting was a collaboration process to ensure the LSR project meets operational and environmental compliance. In the photograph above, most of the representatives from the various institutions are depicted.

The LSR project is expected to be commissioned in December 2016.

Trial Project – Investigate Replacing Coal with a Biomass Boiler Project at Mountain Valley

In F2015/F2016, trials were conducted with local project developer in an attempt to replace coal with a wood pellet-fired biomass boiler for the generation of heat for the chickens at the farms. The first step of the process is to ensure the project is operationally viable and in this regard, the local project developer collaborates with the farm manager and the chief operating officer (Mr David Stock) at Mountain Valley.

Astral's procurement strategy is aligned with the National Development Plan (NDP), focusing on supporting local project developers. The trial that commenced in September 2016 is the third opportunity given to the local project developer. Thus far, the trial is meeting operational compliance.

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 BU	Resource – opportunity identified	Projected cost savings (R/year)	Projected annual resource savings	Date implemented	Comments
NC001	Poultry	National Chicks – Hatchery (KZN)	Waste heat recovery from compressor	R43 560	4 150 litres of paraffin		Cost +-R270000 – Capex – Not budgeted
NC002			Solar energy for water	R9 250	7650 kWh	Done	Implemented – F2014/ F2015
NC003			Power Factor Correction	R59 100	636 kVA of maximum demand	Done	Implemented – F2015/ F2016
NC004			VSD on air compressor	R21 000	17 400 kWh		Capex – Not budgeted
NC005			Fixing compressed air leaks	R18 300	15100 kWh	Done	Implemented – F2014/2015
MV001	Poultry	Mountain Valley	Replace geysers/ water heater with heat pumps	R59 500	Coal– 109 tons, 116 000 kWh		Coal to be replaced with LSR and LSR burner – Dec 2016
MV002			Pumps efficiency improvement	R30 950	46 400 kWh		To investigate further in F2016/F2017
MV003			VSD on air compressor	R14 750	22 100 kWh	Nov 14	Implemented – Nov 14
MV004			Electronic condensate drain trap	R1 500	2250 kWh	Oct 14	Implemented – Oct 14
MV005			Variable head pressure on condenser	R128 000	192 000 kWh	Jul 14	Implemented – Jul 14
MP001	Feed	Meadow Feeds Pietermaritzburg	Improve boiler efficiency	R416 850	397 tons of coal		Capex budget not approved – To be reconsidered in F2018
MP002			Resizing of fans	R57 700	65 500 kWh	Ongoing	Spot filters are being installed in a phased approach but Capex not approved for 2017
MP003			VSD on palleting fans	R206 700	1045 tons of steam	Jun 15	Implemented – Jun 15 (Project complete)
MP004			Stopping compressed air leaks	R10 940	12 428 kWh	Aug 14	Repaired leaks in Aug 14 – ongoing
MP005			Stopping steam leaks	R67 250	340 tons of steam	Aug 14	Repaired leaks in Aug 14 – ongoing

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Packaging material being recycled

Alternate Energy Solutions

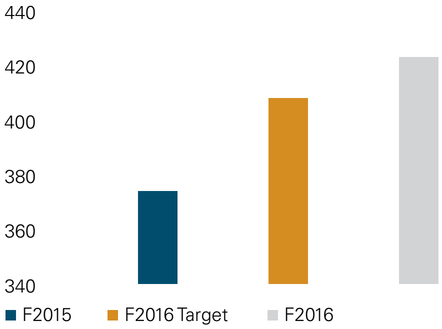
In July 2016, the Beneficiation of Waste Champion (Andries Steyn) presented various alternate energy solutions to the Astral Operations board, the presentation included proposals from Biowaste Technologies and Trigen. Although the board preferred the Biowaste Technologies proposal, operational and risks matters were raised. These matters are in the process of being addressed by Biowaste Technologies and the respective persons at Festive.

In November 2016, a revised proposal from Biowaste Technologies will be submitted via Festive to the Astral Operations board for review.

Recycling of waste

Waste recycling

Packaging material recycled (tons)



Packaging material recycled in F2016 is at 423 tons versus the F2015 target of 408 tons and prior year of 374 tons, an increase of 13% in comparison to prior year. Business units and preferred suppliers constantly engage to find ways to improve recycling initiatives.

Waste recycling project

The Festive team set a zero to landfill goal, ensuring compliance to environmental legislative requirements. Effective 1 October 2016, Festive partnered with Oricol Environmental Services, a company with a triple multi-site certification. The overall strategy of Oricol Environmental Services is SHEQ excellence and turning waste into a resource.

Waste recycling project at Festive

Water management

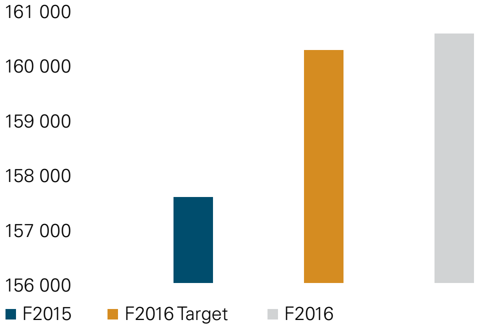
Water management project

According to the South African water department, the national dam levels were at 51% on 26 September 2016 and at 70%, the same time last year. Failure to reduce water usage will lead to harsher interventions according to Water and Sanitation Minister, Nomvula Mokonyane.

To embrace the above challenges, Festive is embarking on a water efficiency project with the NCPC-SA in F2016/F2017. The project is expected to commence in December 2016.

Recycling of water

Water recycled (kl)



Water recycled in F2016 is at 160 562 kl versus the F2016 target of 160 258 kl and prior year of 157 571 kl, an increase of 1.9% in comparison with prior year.

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 the business unit's financial approval structure before submission to the board for approval.

Each business unit is responsible for reporting their sustainability data on RS2.

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

sustainability report

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Nanaga Mountain Bike Trail

Meadow Feeds Eastern Cape (Pty) Ltd has been the primary sponsors of the Nanaga Mountain Bike Trail event for the past three years. This event is held to raise funds for the Sunshine Coast Charity Trust. This charity is active in the rural community, providing feeding schemes at various schools, funding learners, providing school uniforms and school books to learners, as well as supporting other upliftment programmes.

The event has grown rapidly since 2013 and is now regarded as a leading mountain bike event in the Eastern Cape. It attracts riders from across the country and is a CSA registered ride. In 2016 a total of 551 riders took part in the event and this number is expected to grow to 750 riders in 2017. Meadow Feeds is proud to be an integral part of this charity event and seeks to raise further funds for the Sunshine Coast Charity Trust to be able to expand their service to the local rural community.

Work Integrated Learning – University of Venda

From left: Mbhoni Maxwell Shirinda and Lutendo Lorah Matshavha

Astral was approached by the University of Venda to assist them with supplying two students with practical exposure at our Meadow Feeds operations.

Astral hosted the students for a period of four weeks exposing them to the entire feed production process and working in a laboratory.

Work Integrated Leading is a structured, credit-bearing work experience in a professional word setting during which the student applies and acquires knowledge and skills. It involves the application of learned skills in an organisation related to the students' major. Experiential learning should challenge the student to examine the value of the organisation involved in the experience and to assess the student's education as it relates to Work Integrated Learning.

South African Board of People Practitioners

SABPP™
SA BOARD FOR PEOPLE PRACTICES
Setting HR standards

The decision was made to modernise and standardise all internal human resources management processes and practices by adopting established international human resources standards in all our operations. This was effectively done in partnership with the South African Board of People Practitioners.

This partnership firstly involved the registration of all Astral human resources practitioners with the South African Board of People Practices followed by the training of all Astral human resources practitioners in international human resources standards. Secondly, we then proceeded to train all Astral human resource practitioners as internal auditors in these human resources standards. This will enable us to continuously audit and develop ourselves during the implementation of these international standards.

This will enable Astral to remain at the forefront of human resource best practice thereby underscoring the Astral methodology of, through continuous improvement, ensuring that our employees have access to a safe and dynamic working environment in which their needs are well looked after.

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Wellness Programme

Astral Foods embarked on an extensive and far-reaching employee wellness programme, powered by KaeloXelus in 2009. To date, the results of this initiative have been exceptional and we have seen the complete reversal of what could have been a potentially catastrophic trend. This initiative has been the poster child for "doing well by doing good" and our employees, their families and our operations continue to reap the rewards of healthier, happier people.

Through a combination of patient management programmes (PMPs), on-site clinics and structured wellness days, KaeloXelus has made significant inroads into assessing the health of the Astral workforce, and then implementing strategies to manage and improve healthcare outcomes. With the excellent uptake on all the sites since inception, we have one of the most comprehensive workforce screenings and wellness programmes in the industry. This laser focus on the state of health of our employees allows for more accurate risk mitigation and intervention strategies to manage the short- and long-term impacts of ill-health, most significantly caused by HIV/AIDS, TB and non-communicable diseases such as diabetes and hypertension.

Astral Foods recognises the domino effect of breadwinners becoming ill, unable to work or dying prematurely. Aside from the cost to company of ill-health and lost productivity, the socio-economic impact of diseases on our employees, their dependents and their communities is immense.

Notable successes include:

On-site clinics: Given the nature of Astral's operations the key focus of the occupational clinic provision is to meet best practice requirements when it comes to workplace wellness, occupational health and on-site 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.

Successful implementation: There are now four fully operational; legally compliant Occupational health on-site clinics at the processing plants at Festive; Goldi and County Fair.

Production (project to the end of December 2016): 12 243 Primary Care Visits, 11 429 Occupational Health Medicals, 1 715 Injuries On-Duty treated on-site at the clinics

Risk:

- 97.9% year-to-date occupational health medical examination compliance
- There is legal compliance in terms of
  - Clinical resources
  - Medication storage and dispensing
  - Record keeping and process flow
- During the course of conducting medical and health risk assessments, Kaelo also identified the need for a hearing protection programme for employees, which has now been initiated.

2017 expectations: Focus will be to, enhance and maintain legal compliance, drive efficiencies across the clinic operations, alignment of Astral strategic initiatives and complete a solution to bring occupational health compliance to the farm employees.

Wellness programme: A key focus of wellness screenings is to identify and address preventable health risks, providing for an integrated, needs-driven approach to employee health and the resultant productivity impacts. Since inception, 44 642 comprehensive wellness screenings have taken place, with 6 282 in the last year. 68.5% of all permanent employees have completed comprehensive wellness screenings.

HIV Counselling and Testing (HCT): Since inception, 36 045 HCTs have taken place. In the past 12 months 4 901 employees were screened, while 1 218 employees underwent HCT for the first time. HIV prevalence stands at 22.7% with 68.5% of permanent employees knowing their HIV status. Since the start of the programme, deaths have reduced year-on-year. When one considers that studies have calculated the impact cost to company per employee infected with HIV as ranging between four and eight times their annual salary, the extent of the savings and increased productivity emanating from the programme run into millions of Rands.

Patient Management Programme (PMP): Health and lifestyle related goals are set with employees to encourage and promote behavioural changes, track progress and empower employees to manage their health around chronic illnesses such as HIV, TB, diabetes, high cholesterol, hypertension and obesity. A total of 7 914 face-to-face interactions took place during the reporting period, enabling the assessment, screening, follow-up, education and counselling of employees to take place in a confidential setting, which is very beneficial for affected employees.

Measuring return on investment: Measuring the ROI of our wellness programme provides important insights into the value of benefits derived by our employees through the wellness programme. With the improved quality of life for employees across Astral's operations, and the concomitant productivity and absenteeism improvements, Astral's return on investment in the wellness programme implemented was over R33 million in 2015 alone. This includes the total value of treatment provided as well as direct savings to the company. Astral invests between R5 – R6 million annually in its employee wellness programme.

Benefits for our employees: Besides the obvious health benefits, Astral's employees also stand to benefit financially as a result of their improved wellness. Benefits are evident in improved employee wellness as well as in the company's declining risk cover premiums for group disability cover.

Astral employees have a provident fund and contributions are made to insurance risk benefits and the balance goes to investments in retirement. Any savings made in risk premiums for disability and death benefits are re-routed directly to the employee retirement funds.

Astral management remains committed to our employee wellness for the long haul. With the high prevalence of HIV and chronic conditions, we are under no illusion that there is a quick fix. Proactive healthcare is a long-term process, with the key aim of promoting healthy lifestyle choices and providing education to improve employee health – and that of their families or prevent illness in the first place.


STOP
STOP

99 annual financial statements

Preparation and publication of the annual financial statements. The annual financial statements for the year ended 30 September 2016 were published on 14 December 2016. The annual financial statements were prepared by the Chief Financial Officer, Daan Ferreira, CA(SA).

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approval of the annual financial statements

The group annual financial statements of Astral Foods Limited for the year ended 30 September 2016 set out on pages 102 to 158 and the accounting policies, were approved by the board of directors on 16 November 2016 and signed on its behalf by:

CE Schutte
Chief Executive Officer

DD Ferreira
Chief Financial Officer

Pretoria

16 November 2016

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 all the group companies have 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 2016, and that all such returns are true, correct and up to date.

MA Eloff
Group Company Secretary

16 November 2016

statement of directors' responsibility

The directors are responsible for the preparation, integrity and fair presentation of the consolidated financial statements of Astral Foods Limited. The financial statements presented on pages 102 to 158 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies Act of South Africa and include amounts based on judgements and estimates made by management.

The preparation of the consolidated 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 consolidated financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRSs that they consider to be applicable have been followed. The directors are satisfied that the information contained in the consolidated financial statements fairly presents the results of operations for the year and the financial position of 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 group to enable the directors to ensure that the consolidated financial statements comply with the relevant legislation.

The Astral Foods Limited group 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 consolidated financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These consolidated financial statements support the viability of the group.

The consolidated 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.

T Eloff
Chairman

Pretoria
16 November 2016

directors' report

The directors' report forms part of the audited financial statements of the group for the year ended 30 September 2016.

1. Nature of business

The group holds investments in companies, 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

The holding company, 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 holding company's registered address is:

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

4. Share capital

Details of share capital is reflected under note 22 of the consolidated financial statements.

In terms of the group's share incentive scheme, 14 600 (2015: 38 600) options were exercised during the year.

5. Dividends

The following ordinary dividends were declared:

	2016 R'000	2015 R'000
Interim dividend (No. 30) of 390 cents per share (2015: 575 cents per share)	**166 826**	245 864
Less: Dividends received on treasury shares held by a subsidiary	**(15 945)**	(23 509)
Final dividend (No. 31) of 100 cents per share (2015: 575 cents per share) declared post year-end.	**42 776**	245 944
Less: Dividends receivable on treasury shares held by a subsidiary	**(4 089)**	(23 509)
Total dividend at 490 cents per share (2015: 1 150 cents per share)	**189 568**	444 790

6. Property, vehicles, plant and equipment

Refer to note 12 of the financial statements for details.

7. Directors

The names of the directors who currently hold office are set out on pages 48 to 51 of this report. The directors beneficially and non-beneficially hold 193 700 (2015: 183 500) ordinary shares in the company – see Directors' Remuneration Report on page 110 for details.

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

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.

Details of directors' emoluments and related payments can be found in the Directors' and Officers' Remuneration Report in the consolidated annual financial statements.

There was no change in the beneficial and non-beneficial shareholding of directors since 30 September 2016 and the date of approval of the financial statements on 16 November 2016.

8. Share incentive scheme

As at 30 September 2016, options in respect of 159 450 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 23 to the financial statements.

9. Shareholders

Details of shareholders are set out on pages 159 to 160 of the annual financial statements.

10. Repurchase of shares

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

11. Events subsequent to balance sheet date

A final dividend of 100 cents per share has been declared on 16 November 2016. The payment of the dividend will be on 23 January 2017. 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.

12. 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.

13. Date for authorisation for issue of financial statements

The financial statements have been authorised for issue by the board of directors on 16 November 2016. No authority was given to anyone to amend the financial statements after the date of issue.

14. Financial statements of holding company

The financial statements of the holding company for the year ended 30 September 2016 are available for inspection at Astral's registered address.

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 comprises of three independent non-executive directors, namely DJ Fouché (Chairman), T Lategan and TM Shabangu.

Meetings

The committee met three times during the year. Attendance of these meetings is shown in the table set out on page 59 of this report.

Duties

In execution of its compliance duties, the committee:

- nominated the re-appointment of PricewaterhouseCoopers Inc. as external auditors and D von Hoesslin as the designated auditor, after satisfying itself through enquiry that PricewaterhouseCoopers Inc. are independent as defined in terms of the Act. 2017 will be D von Hoesslin's fourth year as designated auditor of the company;
- confirmed that PricewaterhouseCoopers Inc. and the designated auditor, D von Hoesslin, are accredited by the JSE;
- at the end of each meeting during the year, met with the external auditors where management was not present: no matters of concern were raised;
- determined the fees to be paid to PricewaterhouseCoopers Inc. as disclosed on page 127 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 409 567 (2015: R5 103 365)
Non-audit fees	R461 000 (2015: R862 873)
Prior year underprovision	R418 433

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.

audit and risk management committee report (continued)

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.

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, 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 2016 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

Diederik Fouché
Audit and Risk Management Committee Chairman

Pretoria
16 November 2016

independent auditor's report to the shareholders of Astral Foods Limited

Report on the financial statements

We have audited the consolidated financial statements of Astral Foods Limited set out on pages 108 to 158, which comprise the balance sheet as at 30 September 2016, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 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 financial statements present fairly, in all material respects, the consolidated financial position of Astral Foods Limited as at 30 September 2016, and its consolidated financial performance and its consolidated 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 financial statements for the year ended 30 September 2016, we have read the Directors' Report, the Audit Committee's report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Astral Foods Limited for 16 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: DB von Hoesslin
Registered Auditor

Menlyn
18 November 2016

directors' and prescribed officers' remuneration

For the year ended 30 September 2016

Directors' remuneration

	Salary R'000	Retirement fund contributions R'000	Travelling allowance and other payments R'000	Long-term retention payments R'000	Annual incentive bonus R'000	**Total 2016 R'000**	Total 2015 R'000
Executive directors							
For managerial services							
CE Schutte	5 014	778	27	4 694		**10 513**	16 734
DD Ferreira	3 259	506	149	3 015		**6 929**	10 837
T Delport	2 892	449	26	3 015		**6 382**	9 970
AB Crocker	1 139	177	27	3 317		**4 660***	
GD Arnold	2 279	353	28	1 565		**4 225**	6 898
OM Lukhele	613	95	15			**723@**	6 017
	15 196	2 358	272	15 606		**33 432**	50 456
				(Note 1)	(Note 2)		
Non-executive directors' fees							
For services as directors							
T Eloff						**950**	896
N Tsengwa						**431#**	385
TM Shabangu						**376**	307
TP Maumela						**373**	265
DJ Fouché						**359***	
M Macdonald						**137@**	348
IS Fourie						**420@**	445
TM Lategan							
						3 046	2 646
Total directors' fees						**36 478**	53 102

 # Director's fee paid to Exxaro Resources Limited
** Director's fee paid from date of appointment*
@ Director's fee paid to date of resignation as director
^ Appointed on 21 September 2016

Prescribed officers' remuneration

	Salary R'000	Retirement fund contributions R'000	Travelling allowance and other payments R'000	Long-term retention payments R'000	Annual incentive bonus R'000	**Total 2016 R'000**	Total 2015 R'000
For managerial services							
E Potgieter	1 459	226	36	962		**2 683**	4 405
AB Crocker	1 139	177	24			**1 340***	8 948
MA Eloff	1 250	194	7	402		**1 853**	3 168
R Steenkamp	1 002	155	482			**1 639@**	6 281
LW Hansen	971	122	92			**1 185@**	6 095
	5 821	874	641	1 364		**8 700**	28 897
				Note 1	Note 2		

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.

** Remuneration to date of appointment as an executive director*
@ Remuneration to date of resignation

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 2013 and which have vested on 30 September 2016.
The performance conditions were measured over three years, ending 30 September 2016. Both performance conditions were achieved during the vesting period. Payment of the amounts will be made during January 2017.

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 details on the scheme.

No bonus amounts are payable in respect of the 2016 financial year.

directors' and prescribed officers' remuneration (continued)

For the year ended 30 September 2016

Share incentive scheme interests

Share option scheme

Options outstanding	Grant date	Exercise price	Number of options 2016	2015
T Delport	15 May 2009	R97.00		5 200
Dr OM Lukhele	15 May 2009	R97.00		3 000
				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, lapse.

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

Issued share capital interest

Beneficial interests	Directly held number of shares 2016	2015
Non-executive directors		
T Eloff	**1 000**	1 000
DJ Fouché	**5 650**	
Executive directors		
CE Schutte	**24 000**	22 000
DD Ferreira	**158 000**	158 000
AB Crocker	**2 550**	
GD Arnold	**2 500**	2 500
	193 700	183 500

accounting policies

For the year ended 30 September 2016

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 24 of the accounting policies.

2. New standards and interpretations

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards

The following amendments will or may have an impact on the financial statements.

International Financial Reporting Standards and amendments early adopted.

Amendments to IAS 1 – "Presentation of financial statements" disclosure initiative

In December 2014, the International Accounting Standards Board (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 early adopted the amendments to ensure the consolidated financial statements include only applicable policies and information. The group will continue to improve on disclosures going forward.

International Financial Reporting Standards and amendments issued but not effective for the 30 September 2016 year-end

Amendment to IAS 7 – Cash flow statements

In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

Effective date: 1 January 2016

The group expects to comply with the standard in the 2017 annual financial statements, however, it is expected that this will not have a material impact on the financial statements.

IFRS 15 – Revenue from contracts with customers

The Financial Advisory Standards Board (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 goods or services transfers to a customer.

Effective date: 1 January 2018

2. New standards and interpretations

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 making an assessment of the impact on the group annual financial statements, however, it is expected that it will not have a material impact there on.

IFRS 16 – Leases

The IASB and FASB decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

A lessee will be required to measures lease liabilities at the present value of future lease payments. The lessee will then also be required to measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

Effective date: 1 January 2019

The group expects to comply with the standard for the first time in the 2020 annual financial statements.

Management is still in the process of making an assessment of the impact on the group annual financial statements, and it is expected that additional assets and liabilities will be recognised on the balance sheet.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

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.

Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group.

4. 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.

4. Foreign currencies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. 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".

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 which are long-term investments in nature, are taken to shareholders' equity.

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.

5. Property, plant and equipment

Land and buildings comprise mainly of feed mills, poultry processing facilities, poultry farms and offices which are measured at historical cost.

Land is not depreciated and its carrying value 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 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

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.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, taking into account technology developments and maintenance programs.

6. 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.

7. Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised, using the straight-line method, over their estimated useful lives. The estimated useful lives are reassessed on an annual basis.

8. 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.

9. 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.

Breeding stock includes grandparent breeding and parent rearing and laying stock and which are carried at amortised costs.

All the expenses incurred in establishing and maintaining the assets are recognised in cost of sales. All costs incurred in acquiring biological assets are capitalised.

10. Impairment of non-financial assets

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 is 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.

11. 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.

11. Financial assets (continued)

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, "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.

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 securities below their cost is considered an indicator that the assets are impaired.

12. 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", and are measured at amortised costs.

13. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. No fair value adjustment is made for the effect of time value of money where trade receivables have a short term profile.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables and thereby represent a risk of non-payment. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or late payments are considered indicators that the trade receivable is impaired.

Adjustments in the provision for impairments are recognised in the statement of comprehensive income under administrative expenses. When a trade receivable is uncollectible it is written off in the statement of comprehensive income or when previously written off amounts are recovered it is credited in the statement of comprehensive income, both within other gains/losses.

accounting policies (continued)

For the year ended 30 September 2016

14. Cash and cash equivalents

Cash and cash equivalents include 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.

15. Trade payables

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

16. 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.

17. 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.

18. 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.

19. 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.

19. Derivative financial instruments (continued)

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately under other income/expenses in the statement of comprehensive income.

Over-the-counter (OTC) contracts

The group enters into OTC forward purchases for the purchase of commodities for own use. These contracts are settled by taking physical delivery in the normal course of business and are therefore not regarded as financial instruments.

Fair value estimation

The 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.

20. Employee benefits

Retirement obligations

The group operates defined contribution retirement schemes.

A defined contribution scheme is a retirement plan under which the group pays fixed contributions into a separate entity. The group recognises the expense in the statement of comprehensive income 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.

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.

accounting policies (continued)

For the year ended 30 September 2016

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.

21. 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. Refer to note 1 of the financial statements for a description of the revenue streams of 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;

Poultry – sales of poultry products is recognised when the products is delivered at the premises of the customer;

Feed – sales of feed is recognised when the feed is delivered at the farm as agreed with the customer.

In all instances, sales are recognised when upon delivery, the customer has accepted the products; and collectability of the related receivables is reasonably assured.

Volume rebates and settlement discounts are deducted from revenue where it can be reliably measured.

22. 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.

23. Leases

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.

24. Critical accounting estimates and judgments

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;

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 15 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.

consolidated statement of comprehensive income

for the year ended 30 September 2016

	Notes	2016 R'000	2015 R'000
Revenue	1	**11 953 870**	11 265 962
Cost of sales	2	**(10 085 108)**	(8 747 521)
Gross profit		**1 868 762**	2 518 441
Administrative expenses	2	**(509 706)**	(653 157)
Distribution costs	2	**(651 405)**	(593 985)
Marketing expenditure	2	**(174 663)**	(174 653)
Other income	5	**23 079**	16 618
Other losses	6	**(7 217)**	(12 780)
Profit before interest and tax		**548 850**	1 100 484
Finance income	7	**5 219**	12 810
Finance expense	7	**(27 214)**	(22 988)
Share of (loss)/profit from associate	16	**(642)**	3 288
Profit before tax		**526 213**	1 093 594
Tax expense	8	**(154 046)**	(313 655)
Profit for the year		**372 167**	779 939
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations		**904**	1 098
Deferred tax on remeasurement of post-employment benefit obligations		**(253)**	(307)
Items that may be subsequently reclassified to profit and loss			
Change in the value of available-for-sale financial assets			(709)
Currency loss on investment loans to foreign subsidiaries		**(9 688)**	(2 905)
Foreign currency translation adjustments		**9 091**	(34 398)
Other comprehensive income for the year, net of tax		**54**	(37 221)
Total comprehensive income for the year		**372 221**	742 718
Profit for the year attributable to:			
Equity holders of the company		**372 972**	778 126
Non-controlling interest		**(805)**	1 813
Profit for the year		**372 167**	779 939
Total comprehensive income attributable to:			
Equity holders of the company		**373 257**	741 612
Non-controlling interest		**(1 036)**	1 106
Total comprehensive income for the year		**372 221**	742 718
Earnings per share attributable to the equity holders of the company during the year:		**cents**	cents
– basic	9	**964**	2013
– diluted	9	**964**	2009

consolidated balance sheet

at 30 September 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2 052 284**	2 054 677
Intangible assets	13	**38 613**	14 389
Goodwill	15	**136 135**	136 135
Investment in associate	16		25 468
Investments	17	**2 744**	2 744
		2 229 776	2 233 413
Current assets			
Biological assets	18	**734 958**	667 540
Inventories	19	**716 851**	702 340
Trade and other receivables	20	**1 103 569**	882 310
Current tax asset		**32 754**	9 052
Cash and cash equivalents	21	**136 401**	319 149
		2 724 533	2 580 391
Assets held for sale	16	**24 826**	
Total assets		**4 979 135**	4 813 804
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	22	**428**	428
Share premium	22	**73 529**	71 929
Other reserves	24	**(30 004)**	(10 455)
Treasury shares		**(204 435)**	(204 435)
Retained earnings		**2 523 024**	2 503 399
		2 362 542	2 360 866
Non-controlling interest		**9 992**	10 714
Total equity		**2 372 534**	2 371 580
LIABILITIES			
Non-current liabilities			
Borrowings	25		34 501
Deferred tax liabilities	26	**473 572**	420 192
Employee benefit obligations	27	**171 959**	161 703
		645 531	616 396
Current liabilities			
Trade and other payables	28	**1 439 526**	1 187 561
Employee benefit obligations	27	**138 652**	292 748
Current tax liabilities		**4 541**	2 290
Borrowings	25	**376 431**	341 482
Shareholders for dividend		**1 920**	1 747
		1 961 070	1 825 828
Total liabilities		**2 606 601**	2 442 224
Total equity and liabilities		**4 979 135**	4 813 804

consolidated statement of changes in equity

for the year ended 30 September 2016

	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 24)	Retained earnings R'000	Total R'000	R'000	R'000
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			(38 012)	791	(37 221)		(37 221)
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	2371 580
2016							
Balance at 1 October 2015	**72 357**	**(204 435)**	**(10 455)**	**2 503 399**	**2 360 866**	**10 714**	**2 371 580**
Profit for the year				**372 972**	**372 972**	**(805)**	**372 167**
Other comprehensive income for the year, net of tax			**(597)**	**651**	**54**		**54**
Non-controlling interest in translation differences			**231**		**231**	**(231)**	
Option value of share options granted			**135**		**135**		**135**
Transfer to legal reserve – foreign subsidiary			**(313)**	**313**			
Transfer from equity compensation reserve (note 24)			**(19 005)**	**19 005**			
Shares issued – share options exercised	**1 600**				**1 600**		**1 600**
Other						**314**	**314**
Dividends declared				**(373 316)**	**(373 316)**		**(373 316)**
Balance at 30 September 2016	**73 957**	**(204 435)**	**(30 004)**	**2 523 024**	**2 362 542**	**9 992**	**2 372 534**

consolidated statement of cash flow

for the year ended 30 September 2016

	Notes	2016 R'000	2015 R'000
Cash flows from operating activities			
Cash operating profit	A	**546 544**	1 436 184
Changes in working capital	B	**(46 103)**	(440 638)
Cash generated from operations		**500 441**	995 546
Tax paid	C	**(122 251)**	(344 325)
Cash generated from operating activities		**378 190**	651 221
Cash used in investing activities		**(160 748)**	(185 821)
Purchases of property, plant and equipment	D	**(145 410)**	(201 491)
Costs incurred on intangibles		**(28 585)**	(1 328)
Proceeds on disposal of property, plant and equipment		**8 028**	4 188
Finance income		**5 219**	12 810
Cash flows to financing activities		**(447 008)**	(458 321)
Dividends paid to the company's shareholders	E	**(373 143)**	(315 086)
Proceeds from shares issued		**1 600**	4 482
Payments to non-controlling interest holders			(5 560)
Finance expense		**(26 449)**	(22 268)
Decrease in borrowings		**(49 016)**	(119 889)
Net inflow/(outflow) of cash and cash equivalents		**(229 566)**	7 079
Effects of exchange rate changes		**(1 763)**	(12 885)
Cash and cash equivalents at beginning of year		**26 585**	32 391
Cash and cash equivalents at end of year	21	**(204 744)**	26 585

notes to the consolidated statement of cash flow

for the year ended 30 September 2016

	2016 R'000	2015 R'000
A. Cash operating profit		
Profit before interest and tax	**548 850**	1 100 484
Adjustments for:		
Depreciation and amortisation	**143 687**	153 156
Scrapping of property, plant and equipment	**2 505**	4 046
Profit on disposal of property, plant and equipment	**(2 034)**	(1 593)
Change in provision for employee benefit obligations	**(146 599)**	179 832
Cost of equity compensation reserve	**135**	259
Cash operating profit	**546 544**	1 436 184
B. Changes in working capital		
Increase in inventories	**(13 628)**	(237 269)
Increase in biological assets	**(65 583)**	(16 226)
(Increase)/decrease in trade and other receivables	**(223 478)**	9 328
Increase/(decrease) in trade and other payables	**256 586**	(196 471)
Total change in working capital	**(46 103)**	(440 638)
C. Tax paid		
Balance at beginning of year	**6 762**	(9 520)
Normal tax provision	**(100 919)**	(326 561)
Withholding tax		(1 325)
Translation differences	**119**	(157)
Net balance at end of year	**(28 213)**	(6 762)
Total tax paid	**(122 251)**	(344 325)
D. Purchases of property, plant and equipment		
Purchase of property, plant and equipment to improve and/or expand operations	**(85 718)**	(43 295)
Purchase of property, plant and equipment to maintain operations	**(55 076)**	(144 738)
Total purchases	**(140 794)**	(188 033)
Interest capitalised	**2 898**	2 521
(Increase)/decrease in advance capital expenditure payments	**(634)**	8 247
Decrease in outstanding capital expenditure payments	**(6 880)**	(24 226)
Purchases of property, plant and equipment	**(145 410)**	(201 491)
E. Dividends paid		
Balance at beginning of year	**(1 747)**	(1 674)
Per statement of changes in equity	**(373 316)**	(315 159)
Balance at end of year	**1 920**	1 747
Total dividends paid	**(373 143)**	(315 086)

notes to the annual financial statements

for the year ended 30 September 2016

1. Segment information

Astral is an integrated poultry producer which process starts with broiler genetics in its breeding operations, selling of day-old chicks and hatching eggs, broiler production and the processing of boilers through four abattoirs, and ends with the marketing, selling and distribution of poultry products. Alongside the entire process, feed is produced in nine feed mills of which about 60% is for own internal requirements, whilst the balance of the feed production is sold to external commercial farmers. Two of the feed mills and three poultry breeding and hatchery operations are situated in African countries outside South Africa.

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 activities have been divided into three operating segments, Poultry, Feed, and Other Africa. The business activities 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 reportable segments are conducted on similar terms as other transactions of this nature.

Revenue per segment

Revenue comprises of the sales of products net of value-added tax, normal discounts and rebates and returns.

Poultry: External revenue consists of the sale of poultry related products for human consumption as well as day-old broilers, hatching eggs and broiler parent stock to external poultry producers.
Intersegment revenue consists of poultry by products sold to the feed segment as a source of protein for feed.

Feed: External revenue comprises the sale of a wide range of specialised feed products for commercially farmed animal species.
Intersegment sales consist mainly of feed to the poultry segment

Other Africa: Revenue comprises the sale of animal feed and day-old broilers to external customers.

Revenue between segments are at market-related prices.

	Revenue from external customers R'000	Inter segment revenue R'000	Total segment revenue R'000
2015			
Poultry	8 574 655	164 833	8 739 488
Feed	2 197 799	4 038 156	6 235 955
Other Africa	493 508		493 508
	11 265 962	4 202 989	15 468 951
2016			
Poultry	**8 949 225**	**179 420**	**9 128 645**
Feed	**2 489 299**	**4 700 315**	**7 189 614**
Other Africa	**515 346**		**515 346**
	11 953 870	**4 879 735**	**16 833 605**

	2016 R'000	2015 R'000
The group revenue is denominated in the following currencies:		
Revenue denominated in South Africa Rand	**11 438 524**	10 772 454
Revenue denominated in foreign functional currencies	**515 346**	493 508
	11 953 870	11 265 962
Revenue from the top five customers are all from the poultry segment.		
Customer 1	**3 017 329**	2 580 647
Customer 2	**1 089 137**	1 527 045
Customer 3	**595 461**	663 733
Customer 4	**555 937**	605 764
Customer 5	**408 523**	438 701
Revenue from customer 1 exceeds 10% of total revenue.		
Operating profit per segment		
Contribution to the group profit is as follows:		
Poultry	**58 900**	661 002
Feed	**484 967**	422 885
Other Africa	**4 983**	16 597
Profit before interest and tax	**548 850**	1 100 484
Finance income	**5 219**	12 810
Finance expense	**(27 214)**	(22 988)
Share of profit from associates	**(642)**	3 288
Profit before tax	**526 213**	1 093 594
Tax expense	**(154 046)**	(313 655)
Profit for the year	**372 167**	779 939

	2016 R'000	2015 R'000	2016 R'000	2015 R'000
	Depreciation, amortisation and impairment		**Capital expenditure**	
Poultry	**112 852**	113 823	**139 092**	147 293
Feed	**23 918**	28 980	**27 018**	36 745
Other Africa	**6 630**	10 288	**2 837**	5 140
Corporate	**287**	232	**432**	191
	143 687	153 323	**169 379**	189 369
	Inventory		**Trade receivables**	
Poultry	**313 825**	425 069	**751 652**	559 847
Feed	**361 612**	244 756	**225 258**	212 695
Other Africa	**41 414**	32 515	**21 159**	13 759
	716 851	702 340	**998 069**	786 301

2. Expenses by nature

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
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
Auditors 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
2016					
Cost of raw material	**7 303 576**				**7 303 576**
Inventory written down and losses	**27 177**				**27 177**
Fair value adjustment to biological assets	**7 190**				**7 190**
Operating lease costs	**97 030**	**8 010**	**172 113**	**817**	**277 970**
Amortisation of intangibles		**4 401**			**4 401**
Depreciation on property, plant and equipment	**127 046**	**7 540**	**4 578**	**122**	**139 286**
Repairs and maintenance	**323 009**	**11 757**	**7 290**	**71**	**342 127**
Water	**55 951**	**155**	**16**		**56 122**
Energy	**451 828**	**3 385**	**2 868**	**2 110**	**460 191**
Information technology-related costs	**1**	**36 342**	**18**	**9**	**36 370**
Advertising, marketing, promotional-related costs				**99 864**	**99 864**
Transport and distribution costs	**20 638**		**372 725**		**393 363**
Employee benefit expense	**957 133**	**252 469**	**48 176**	**56 074**	**1 313 852**
Directors remuneration		**36 478**			**36 478**
Auditors remuneration and related expenses		**6 289**			**6 289**
Other	**714 529**	**142 880**	**43 621**	**15 596**	**916 626**
	10 085 108	**509 706**	**651 405**	**174 663**	**11 420 882**

	2016 R'000	2015 R'000
3. Future 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	**312 411**	242 604
Later than one year and not later than five years	**935 559**	933 657
Later than five years	**194 365**	247 096
	1 442 335	1 423 357

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 agreements whereby some of its transport requirements have been outsourced to a third party. The fixed cost portion of these arrangements have been disclosed as an operating leases. The arrangements are for initial periods of 10 years with options to renew the agreements. Lease escalations are linked to inflation. Expiry date of initial lease periods is 1 October 2021.

	2016 R'000	2015 R'000
4. Employee benefit expense		
Wages and salaries of permanent employees	**994 451**	1 086 905
Retirement fund contributions	**84 123**	78 096
Termination benefits	**3 953**	1 565
Post-retirement benefits	**4 719**	4 500
	1 087 246	1 171 066
Cost of contracted labour	**226 606**	212 347
	1 313 852	1 383 413
Number of employees at 30 September:		
– Permanent employees	**7 697**	8 323
– Contracted labour	**4 860**	4 700
	12 557	13 023
5. Other income		
Scrap sold	**773**	1 458
Bad debts recovered		2 266
Storage fee income	**4 555**	4 025
Insurance recoveries	**9 152**	2 991
Rental received	**6 771**	4 036
Rebates received	**1 828**	1 842
	23 079	16 618
6. Other losses		
Foreign exchange losses on financial instruments	**(6 746)**	(10 327)
Profit on sale of property, plant and equipment	**2 034**	1 593
Assets scrapped	**(2 505)**	(4 046)
	(7 217)	(12 780)

	2016 R'000	2015 R'000
7. Finance expense and income		
Interest income		
Bank surplus balances	**4 743**	12 177
Other	**476**	633
	5 219	12 810
Interest expense		
Bank borrowings	**19 297**	6 627
Loans	**6 184**	15 111
Other	**4 631**	3 771
	30 112	25 509
Less: Interest capitalised	**(2 898)**	(2 521)
	27 214	22 988
Interest was capitalised at 10,5% (2015: 9,25%) in respect of expenditure on assets which took a substantial period of time to get ready for its intended use.		
Net finance expense	**(21 995)**	(10 178)
8. Tax expense		
Current tax	**101 588**	322 513
Deferred tax	**56 186**	(14 381)
	157 774	308 132
Tax – prior year	**(669)**	4 048
Deferred tax – prior year	**(3 059)**	150
Withholding tax		1 325
	154 046	313 655
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	**526 213**	1 093 594
Tax calculated at a rate of 28% (2015: 28%)	**147 340**	306 206
Share of loss/(profit) from associates	**180**	(921)
Effect of different tax rates in other countries	**962**	(662)
Training allowances received	**(846)**	(158)
Non-trading related expenses	**2 194**	858
Legal expenses	**1 926**	920
Other expenses not deductible for tax purposes	**1 569**	1 575
Temporary differences on which no deferred tax is recognised	**4 449**	313
Adjustments to prior year's normal tax provision	**(669)**	4 048
Adjustments to prior year's tax base used for calculating deferred tax	**(3 059)**	150
Withholding tax		1 325
Tax charge per income statement	**154 046**	313 655

Further information about deferred tax is presented in note 26.

	2016 R'000	2015 R'000
9. Earnings per share		
Profit attributable to equity holders of the company used for calculating earnings per share and diluted earnings per share	**372 972**	778 126
	cents	cents
Basic earnings per ordinary share	**964**	2013
Diluted earnings per share	**964**	2009
	No of shares	No of shares
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	**38 683 748**	38 663 740
Adjustments for share options	**21 342**	70 281
Weighted average number of ordinary shares for calculating diluted earnings per share	**38 705 090**	38 734 021

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.

	Gross R'000	Net R'000

10. Headline earnings

	Gross R'000	Net R'000
2015		
Net profit attributable to shareholders		778 126
Adjusted for:		
Profit on sale of property, plant and equipment	(1 593)	(1 399)
Loss on assets scrapped	4 046	2 922
Headline earnings		779 649
2016		
Net profit attributable to shareholders		**372 972**
Adjusted for:		
Profit on sale of property, plant and equipment	**(2 034)**	**(1 475)**
Loss on assets scrapped	**2 505**	**1 808**
Headline earnings		**373 305**

	2016 cents	2015 cents
Headline earnings per share (cents)	**965**	2016
Diluted headline earnings per share (cents)	**964**	2013

11. Dividends

	R'000	R'000
The following dividends (net of treasury shares) were declared in respect of the current year's profits:		
Interim dividend (Dividend number 30)		
390 cents per share (2015: 575 cents per share)	**150 881**	222 355
Final dividend (Dividend umber 31)		
100 cents per share (2015: 575 cents per share)	**38 687**	222 368
Declared on 16 November 2016 in respect of the year ended 30 September 2016		
	189 568	444 723

The current financial statements do not include the final dividend declared in respect of the financial year ended 30 September 2016.

12. Property, plant and equipment

	Land and buildings R'000	Plant and equipment R'000	Vehicles R'000	Total R'000
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/improvement	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	1 133 543	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
2016				
Net book amount at 1 October 2015	**867 417**	**1 133 543**	**53 717**	**2 054 677**
Changes for the year:				
Exchange translation changes	**551**	**3 578**	**469**	**4 598**
Additions – Expansion/improvement	**5 351**	**78 684**	**1 683**	**85 718**
Additions – Replacement	**7 567**	**40 572**	**6 937**	**55 076**
Disposals		**(900)**	**(5 094)**	**(5 994)**
Assets scrapped	**(1 345)**	**(628)**	**(532)**	**(2 505)**
Reclassification	**84**	**(84)**		
Depreciation charge	**(24 945)**	**(104 154)**	**(10 187)**	**(139 286)**
Closing net book amount	**854 680**	**1 150 611**	**46 993**	**2 052 284**
Balance at 30 September 2016				
Cost	**1 251 283**	**2 172 644**	**141 842**	**3 565 769**
Accumulated depreciation	**(396 603)**	**(1 022 033)**	**(94 849)**	**(1 513 485)**
Closing net book amount	**854 680**	**1 150 611**	**46 993**	**2 052 284**

12. Property, plant and equipment (continued)

Details of the individual properties are on record, which are open for inspection by members or their nominees at the registered office of the company.

Expansion additions includes capitalised borrowing costs of R2 898 000 (2015: R2 521 000).

Interest was capitalised at 10,5% in respect of expenditure on assets which took a substantial period of time to get ready for their intended use.

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. The estimated life per asset category are as follows;

• Buildings	50 years
• Plant and machinery and equipment – poultry	8 – 25 years
• Plant and machinery and equipment – feed	5 – 50 years
• Vehicles	5 – 10 years

Most of the buildings, plant and machinery and equipment are of a specialised nature and there are therefore no open market values available for these assets. The expected useful lives, which are assessed annually, are based on assessments of the physical condition of the asset item and on how long it can still be operational without incurring excessive repairs and maintenance costs. When the cost of repairs and maintenance reach such a level where it is not feasible to continue to use a particular plant item, it is replaced. Predictions of future replacement dates are based on subjective assessments, and remaining life expectancies are therefore subject to variability.

	2016 R'000	2015 R'000
13. Intangible assets		
Software		
Opening net book amount	**14 389**	18 601
Changes for the year:		
Exchange translation changes	**40**	(187)
Capitalisation of costs incurred	**28 585**	1 328
Amortisation – included in administrative expenses	**(4 401)**	(5 353)
Closing net book amount	**38 613**	14 389
Cost	**72 307**	51 363
Accumulated amortisation	**(33 694)**	(36 974)
Closing net book amount	**38 613**	14 389
14. Capital commitments		
Capital expenditure approved not contracted	**37 967**	43 497
Capital expenditure contracted but not recognised in the financial statements	**36 317**	23 415
Cost on Intangibles contracted but not recognised in the financial statements	**30 496**	
The capital commitments will be financed from a combination of operating cash flows and borrowings from the group's available general borrowing facilities. Total debt is expected to remain well within the accepted gearing profile of the group.		

15. Goodwill

Goodwill is allocated to the group's cash-generating units identified according to business segment.

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 as contained in the annual budget and business plan forecasts.

The discount rates used to determine values of individual cash-generating units 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 were 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.

The cash flow projections has been extended to five years to counter any abnormal trends in the forecasts, given the impact of cyclical trends in weather patterns and economic growth on the business.

	Discount rates	Period (years)	Average perpetuity growth rates	R'000
2015				
Poultry				
Goldi/Festive	13,0%	4	6%	106 020
Mountain Valley	16,0%	4	6%	15 599
National Chicks	16,0%	4	6%	3 749
County Fair	13,0%	4	6%	2 559
Feed				
Meadow – South African operations	13,0%	4	6%	5 648
Other Africa				
Africa Feeds Limited (Zambia)	18,0%	4	7%	2 560
				136 135
2016				
Poultry				
Goldi/Festive	**14,0%**	**5**	**6%**	**106 020**
Mountain Valley	**14,0%**	**5**	**6%**	**15 599**
National Chicks	**14,0%**	**5**	**6%**	**3 749**
County Fair	**14,0%**	**5**	**6%**	**2 559**
Feed				
Meadow – South African operations	**14,0%**	**5**	**6%**	**5 648**
Other Africa				
Africa Feeds Limited (Zambia)	**18,2%**	**5**	**9%**	**2 560**
				136 135

Sensitivity analysis	2016 R'000	2015 R'000
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.		
Potential impairment If the discount rates are increased by 1%	**nil**	4 200
Potential impairment if the net realisations of poultry products decrease by 1%	**nil**	11 200
Potential impairment if the broiler feed price increased by 1%	**nil**	

	2016 R'000	2015 R'000
16. Investment in associate		
Provimi SSA (Pty) Limited		
Cost	**1 620**	1 620
Share of post-acquisition profits	**23 206**	23 848
	24 826	25 468

The group's interest in Provimi SSA (Pty) Limited is 25%.

The financial year-end of the associate is 31 May.

Results reviewed for 12 months ending August are equity accounted by the group due to the September results not being available in time.

The associate supplies animal feed pre-mixes and conducts its business activities in South Africa.

The summarised financial information for Provimi as at 31 August is as follows:

	2016 R'000	2015 R'000
Summarised balance sheet		
Non-current assets	**138 834**	142 320
Current assets	**199 047**	156 172
	337 881	298 492
Equity	**99 301**	101 870
Non-current liabilities	**92 905**	102 333
Current liabilities	**145 675**	94 289
	337 881	298 492
Summarised income statement		
Revenue	**557 222**	497 593
(Loss)/profit for the period	**(2 569)**	13 151

Assets held for sale

The group reached an agreement in principle to sell the 25% interest in Provimi SSA (Pty) Limited, and the investment is therefore disclosed held for sale in balance sheet.

17. Investments

Other unlisted

Group Risk Holdings (Pty) Limited – a company holding investments in companies which operate in the field of insurance, reinsurance and risk management.

	2016 R'000	2015 R'000
Redemption value at the beginning of the year	**2 744**	3 453
Fair value loss – recognised in other comprehensive income		(709)
	2 744	2 744

The carrying value of the investment equals its fair value which is designated at level 3 in the fair value hierarchy.

18. Biological assets

	Egg stock R'000	Breeding stock R'000	Broiler stock R'000	Total R'000
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
2016				
Fair value at 1 October 2015	**88 300**	**309 086**	**270 154**	**667 540**
Increase due to establishment costs	**518 127**	**1 232 660**	**4 888 234**	**6 639 021**
Decrease due to harvest/sales	**(509 813)**	**(1 191 018)**	**(4 865 930)**	**(6 566 761)**
Fair value adjustment	**(2 528)**		**(2 314)**	**(4 842)**
Fair value at 30 September 2016	**94 086**	**350 728**	**290 144**	**734 958**

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.

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 broilers 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.

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 calculation of fair value falls in level 3 of the fair value measurement hierarchy.

19. Inventories

	2016 R'000	2015 R'000
Feed raw materials	**320 626**	209 323
Feed finished goods	**49 348**	86 321
Poultry products	**253 496**	333 628
Consumable stores	**93 381**	73 068
	716 851	702 340

The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R7 304 million (2015: R6 259 million).

	2016 R'000	2015 R'000
20. Trade and other receivables		
Financial instruments		
Trade receivables	**999 289**	786 824
Provision for impairment	**(1 220)**	(523)
Trade receivables – net	**998 069**	786 301
Other receivables	**22 426**	16 621
Government grant receivable	**28 868**	28 868
Non-financial instruments		
Prepayments	**13 817**	13 392
VAT recoverable	**39 896**	36 771
Other receivables	**493**	357
	1 103 569	882 310

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:

	2016 R'000	2015 R'000
SA Rand	**1 075 406**	859 056
Zambia Kwacha	**22 977**	9 943
Mozambique Meticais	**5 186**	13 311
	1 103 569	882 310

Categories

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 consisting 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.

	2016 R'000	2015 R'000
Poultry	**752 015**	560 307
Farming	**22 900**	22 757
Retail and wholesale	**729 115**	537 550
Feed	**225 976**	212 758
Farming	**201 575**	195 292
Retail and wholesale	**24 401**	17 466
Other Africa	**21 298**	13 759
Farming	**9 691**	5 267
Retail and wholesale	**11 607**	8 492
	999 289	786 824

	2016 R'000	2015 R'000
21. Cash and cash equivalents		
Cash at bank and in hand	**136 401**	319 149
Cash and cash equivalents include the following for purposes of the cash flow statement:		
Cash at bank and in hand	**136 401**	319 149
Bank overdrafts – (note 25)	**(341 145)**	(292 564)
Cash and cash equivalents per the statement of cash flow	**(204 744)**	26 585
22. Share capital		
Authorised share capital		
75 000 000 ordinary shares of 1 cent each		
(2015: 75 000 000 ordinary shares of 1 cent each)	**750**	750
Issued share capital		
42 775 885 ordinary shares of 1 cent each	**428**	428
(2015: 42 761 285 ordinary shares of 1 cent each)		
Share premium	**73 529**	71 929
Total issued share capital and premium	**73 957**	72 357

All issued shares are fully paid.

Number of shares effectively in issue	**No of shares**	No of shares
Issued shares	**42 775 885**	42 761 285
Treasury shares held by subsidiary	**(4 088 577)**	(4 088 577)
	38 687 308	38 672 708

Unissued share capital

The number of shares available to be utilised for purposes of the share option scheme:

	No of shares	No of shares
Number of share options available at beginning of year	**4 106 050**	4 046 350
Number of share options exercised	**14 600**	38 600
Number of share options forfeited	**12 300**	21 100
Number of share options available at end of year	**4 132 950**	4 106 050
The number of share options outstanding at end of year	**159 450**	186 350
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

Share options forfeited were in respect of employees who left the employment of the group.

23. Share-based payments

Share option scheme

The scheme, an equity-settled incentive remuneration scheme, provides the right to purchase shares in the company at the exercise price.

The contractual life of options granted is seven years. Options not taken up will lapse on the seventh anniversary of the option date.

The scheme allows one third of the share options to be exercised per year after each of the third, fourth and fifth year from date of granting the option.

The exercise price of the granted options is equal to the market price of the shares on date of the grant.

Movement during the year in the number of options is as follows:

Date	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
15 May 2009	R97.00	8 200	(3 000)	(5 200)		
30 September 2011	R118.00	101 500	(7 100)		94 400	94 400
28 September 2012	R104.71	76 650	(4 500)	(7 100)	65 050	43 367
		186 350	(14 600)	(12 300)	159 450	137 767

Value of share options outstanding at the end of the year at the exercise price amounts to R17 950 586 (2015: R20 798 422).

No share options were granted during the year (2015: 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 R135 000 (2015: R259 000).

24. 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
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)
2016						
Balance at 1 October 2015	**18 870**	**1 095**	**(27 314)**	**(3 764)**	**658**	**(10 455)**
Currency loss on investment loans to foreign subsidiaries				**(9 688)**		**(9 688)**
Currency translation differences arising in year			**9 091**			**9 091**
Non-controlling interest in translation differences			**231**			**231**
Option value of share options granted	**135**					**135**
Transfer to retained earnings	**(19 005)**	**(313)**				**(19 318)**
Balance at 30 September 2016		**782**	**(17 992)**	**(13 452)**	**658**	**(30 004)**

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

The movement in the currency translation reserve relates to a strengthening of the functional currency, in which one of the other African subsidiaries conducts their business activities, against the South African Rand.

	2016 R'000	2015 R'000
25. Borrowings		
Non-current		
Secured loans		3 642
Unsecured loan	**35 286**	79 777
Less: Portion payable within one year included in current liabilities	**(35 286)**	(48 918)
		34 501
Current		
Bank overdrafts	**341 145**	292 564
Portion of non-current borrowings payable within one year	**35 286**	48 918
	376 431	341 482
Total borrowings	**376 431**	375 983
The carrying amounts of the group's borrowings are denominated in the following currencies:		
SA Rand	**342 673**	346 157
Zambian Kwacha	**33 758**	29 826
	376 431	375 983
Secured loans		
Secured loans obtained by subsidiaries disclosed in the Other Africa segment		3 642
Interest is linked to market-related rates		
Interest rates at 30 September (%)		19,0
Assets with the following book values are pledged as security for the secured loans:		
Land and buildings		2 331
Plant and equipment		1 308
Contractual maturity of payments of the secured loans:		
Not later than one year		3 851
Over five years		5
		3 856
Less: Finance charges		(214)
		3 642

25. Borrowings (continued)

	2016 R'000	2015 R'000
Unsecured loans		
An unsecured loan obtained by a subsidiary disclosed in the Feed segment	**35 286**	79 777
Interest is linked to market-related rates.		
Interest rate at 30 September	**9,0%**	8,0%
Contractual maturity of payments of non-current borrowings:		
Not later than one year	**37 250**	50 400
Between one and five years		36 690
	37 250	87 090
Less: Finance charges	**(1 964)**	(7 313)
	35 286	79 777
Repayments consist of monthly interest payments and quarterly capital repayments.		
The maturity date is 30 June 2017.		
Borrowing facilities		
The borrowing facilities are reviewed on an annual basis.		
The group has the following general borrowing facilities at floating interest rates:		
– denominated in SA Rand		
Total facilities	**755 000**	705 000
Unutilised facilities at year end	**486 023**	705 000
– denominated in Zambian Kwacha		
Total facilities	**44 880**	37 204
Unutilised facilities at year end	**18 891**	11 020
The facilities at the Zambian subsidiaries are covered by securities over assets with the following carrying values:		
Land and buildings	**36 320**	5 937
Inventory	**33 137**	22 058
Biological assets		11 117
Trade debtors	**10 375**	6 769
– denominated in Mozambique Meticais		
Total facilities	**10 000**	
Unutilised facilities at year end	**10 000**	

26. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 28% (2015: 28%).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority.

Net deferred tax asset

	Opening balance R'000	Charge to profit and loss R'000	Closing balance R'000
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)	

Net deferred tax liabilities

	2016 R'000	2015 R'000
Movement on the deferred tax liability account is as follows		
At beginning of year	**420 192**	438 035
Foreign currency translation changes		(2 024)
Charge related to items in Other Comprehensive Income	**253**	307
Charge to profit and loss	**53 127**	(16 126)
Originating and reversal of temporary differences	**56 186**	(16 276)
Adjustment to amounts recognised in prior year	**(3 059)**	150
At end of year	**473 572**	420 192

26. Deferred tax (continued)

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
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
2016				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	**397 960**	**6 659**		**404 619**
Temporary difference on livestock and farming consumables	**154 728**	**2 065**		**156 793**
Temporary differences giving rise to deferred tax assets				
Provision for retirement benefit obligations	**(26 056)**	**(943)**	**253**	**(26 746)**
Provision for long-term retention payments	**(28 367)**	**(508)**		**(28 875)**
Provision for outstanding leave pay	**(18 637)**	**(832)**		**(19 469)**
Rental equalisation reserve	**(3 923)**	**623**		**(3 300)**
Provision for incentive bonuses	**(48 306)**	**42 935**		**(5 371)**
Other	**(7 207)**	**3 128**		**(4 079)**
	420 192	**53 127**	**253**	**473 572**

A deferred tax liability of R15 111 000 (2015: R14 417 000) 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 R19 861 000 (2015: R20 374 000) in respect of the carrying value of investments in associates.

27. Employee benefit obligations

	Post-employment medical benefits R'000	Long-term retention benefits R'000	Performance incentives and long service awards R'000	Outstanding leave obligations R'000	Total R'000
2015					
Balance at 1 October 2014	90 904	76 304	47 835	57 433	272 476
Payments against provision		(30 153)	(48 834)		(78 987)
Increase in provision	2 152	55 161	194 521	9 128	260 962
Balance at 30 September 2015	93 056	101 312	193 522	66 561	454 451
Non-current provision	93 056	50 647	18 000		161 703
Current provision		50 665	175 522	66 561	292 748
	93 056	101 312	193 522	66 561	454 451
2016					
Balance at 1 October 2015	**93 056**	**101 312**	**193 522**	**66 561**	**454 451**
Payments against provision		**(47 348)**	**(170 346)**		**(217 694)**
Increase in provision	**2 466**	**51 410**	**17 007**	**2 971**	**73 854**
Balance at 30 September 2016	**95 522**	**105 374**	**40 183**	**69 532**	**310 611**
Non-current provision	**95 522**	**59 654**	**16 783**		**171 959**
Current provision		**45 720**	**23 400**	**69 532**	**138 652**
	95 522	**105 374**	**40 183**	**69 532**	**310 611**

The amounts provided for payment in respect of long-term retention benefits have been discounted at rates varying between 7,0% and 8,2%.

	2016 R'000	2015 R'000
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.		
Present value of funded obligations per actuarial valuation at 30 September		
Balance at beginning of year	**93 056**	90 904
Current service cost	**663**	771
Interest costs	**8 010**	7 397
Remeasurement	**(904)**	(1 098)
Benefits payments	**(5 303)**	(4 918)
Balance at end of year	**95 522**	93 056

	2016 R'000	2015 R'000
27. Employee benefit obligations (continued)		
Amounts recognised in the profit and loss	**8 673**	8 168
Current service costs	**663**	771
Interest costs	**8 010**	7 397
Amounts recognised in other comprehensive income		
Remeasurement	**(904)**	(1 098)
Arising from changes in financial assumptions	**712**	1 909
Arising from changes in demographic assumptions	**(1 616)**	(3 007)
Miscellaneous		
Estimated employer benefits payable during next 12 months	**5 600**	5 304
The liability recognised in the financial statements was actuarially valued at 30 September 2016 (previous valuation date: 30 September 2015). The liability was valued using the Projected Unit Credit valuation method which is the same method used in the prior year.		
Discount rate (%)	**8,9**	9,2
Healthcare (subsidy) inflation rate (%)		
In service members (%)	**7,8**	7,7
Continuation members (%)	**7,8**	7,6
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.		

Sensitivity analysis	**Accrued liability**	**% change**
Discount rate increases by 1% p.a.	85 724	(10)
Discount rate reduces by 1% p.a.	107 352	12
Subsidy inflation increases by 1% p.a.	100 328	5
Subsidy inflation reduces by 1% p.a.	89 106	(7)
Mortality rate decreases by one year	99 272	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.

The present value of the defined benefit obligation and the experience adjustment were as follows:

	R'000	**Experience adjustment**
29 September 2016	95 522	+0,9
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

	2016 R'000	2015 R'000
28. Trade and other payables		
Financial instruments		
Trade payables	**1 192 585**	952 936
Outstanding payment in respect of capital expenditure incurred	**10 618**	17 498
Accruals and other payables	**186 741**	185 884
Non-financial instruments		
Vat payable	**13 606**	2 605
Operating lease equalisation	**11 787**	14 009
Other	**24 189**	14 629
	1 439 526	1 187 561
The carrying amounts of the group's trade and other payables are denominated in the following currencies:		
SA Rand	**1 393 559**	1 149 877
Zambian Kwacha	**40 568**	31 769
Mozambican Meticais	**5 399**	5 915
	1 439 526	1 187 561
29. Contingencies and 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:	**1 804 973**	1 127 563
The group has a commitment 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.	**21 250**	21 250

30. Financial instruments

	Loans and receivables R'000	Available-for-sale R'000	Financial liabilities at amortised costs R'000	Total on balance sheet R'000
2016				
Non-current financial instruments				
Unlisted investments		**2 744**		**2 744**
Current receivables				
Trade receivables	**1 049 363**			**1 049 363**
Cash and cash equivalents				
Cash and bank	**136 401**			**136 401**
Current borrowings				
Unsecured loans			**35 286**	**35 286**
Bank overdrafts			**341 145**	**341 145**
Shareholders for dividend			**1 920**	**1 920**
Current financial liabilities				
Trade payables			**1 192 585**	**1 192 585**
Accruals			**197 359**	**197 359**
2015				
Non-current financial instruments				
Unlisted investments		2 744		2 744
Current receivables				
Trade receivables	831 790			831 790
Cash and cash equivalents				
Cash and bank	319 149			319 149
Non-current borrowings				
Secured and unsecured loans			83 419	83 419
Current borrowings				
Bank overdrafts			292 564	292 564
Shareholders for dividend			1 747	1 747
Current financial liabilities				
Trade payables			952 936	952 936
Accruals			203 382	203 382

The fair value of the financial instruments approximates costs.

31. Financial risk management

The responsibility of the overall financial risk of the group vests with the board of directors, which has an overall responsibility to ensure the group operates within acceptable risk parameters.

In exercising this responsibility, the board assesses 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 assesses 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.

The group is exposed to the following major financial risks:

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk function is managed by the group credit executive.

The following are the only instruments which are subject to credit risk:

Trade receivables

The group's main credit risk is concentrated in the aggregate balance of trade receivables.

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 consisting 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.

The group monitors credit on initiation and continuously monitors exposure.

Initially: The granting of credit in relation to trade receivables is 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 provide updated statements of assets and liabilities;
- no credit terms are granted to customers regarded as high risk as per the internal credit risk assessment; and
- all new credit terms are approved and signed off by the Chief Executive Officer.

Subsequently: The subsequent credit control procedures include:

- regular visits and communication with customers;
- annual reassessment of the credit worthiness of customers;
- immediate follow-up on late payments;
- in the event a customer is unable to pay further trading with the customer is ceased; and
- changes to existing credit terms are approved and signed off by the Chief Executive Officer.

31. Financial risk management (continued)

Exposure to trade receivables comprise a large, widespread customer base within each business segment/category and is as follows at 30 September:

	2016 R'000	2015 R'000
Accounts receivable	**999 289**	786 824
Less provision for doubtful debts	**(1 220)**	(523)
Net accounts receivable	**998 069**	786 301
Other receivables	**51 294**	45 489
	1 049 363	831 790
The table below sets out fully performing, past due but not impaired as well as the impaired receivables and the provision against such receivables:		
Fully performing – due by up to 30 days	**997 216**	785 312
Outstanding longer than 30 days	**2 073**	1 512
Past due by 31 to 60 days	**810**	62
Past due by more than 60 days	**1 263**	1 450
	999 289	786 824

The receivables outstanding longer than 30 days per category:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
2016				
Past due by 31 to 60 days	**590**	**220**		**810**
Past due by more than 60 days	**632**	**492**	**139**	**1 263**
	1 222	**712**		**2 073**
2015				
Past due by 31 to 60 days	62			62
Past due by more than 60 days	1 423	27		1 450
	1 485	27		1 512

Movements in the provision for doubtful debts of trade and other receivables which has been included in the profit and loss as part of administrative expenses under "Other" expenses.

	2016 R'000	2015 R'000
Balance at the beginning of the year	**(523)**	(3 474)
Charge for the year	**(697)**	
Unused amounts reversed		2 951
Balance at end of year	**(1 220)**	(523)
Provision for doubtful debts ageing profile:		
30 days and longer	**(1 220)**	(523)

31. Financial risk management (continued)

The provision for doubtful debts is categorised as follows:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
2016				
Farming		**718**	**139**	**857**
Retail and wholesale	**363**			**363**
	363	**718**		**1 220**
2015				
Farming		63		63
Retail and wholesale	460			460
	460	63		523

The group holds the following security over trade receivables in the form of bank guarantees, covering bonds over property and credit guarantee insurance cover:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
2016				
Bank guarantees	**17 600**	**2 000**		**19 600**
Covering bonds over property	**6 200**	**2 500**		**8 700**
Credit Guarantee Insurance Cover	**616 145**			**616 145**
	639 945	**4 500**		**644 445**
2015				
Bank guarantees	9 800	3 000		12 800
Covering bonds over property	8 300	500		8 800
Credit Guarantee Insurance Cover	298 870			298 870
	316 970	3 500		320 470

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.

The credit quality of the trade receivables can be illustrated according to the different risk profiles:

	2016 R'000	2015 R'000
Low risk	**603 137**	423 121
General risk	**394 899**	362 253
High risk	**1 263**	1 450
	999 299	786 824

The largest single credit risk amounts to R280 million in the poultry segment which has a low credit risk profile.

31. Financial risk management (continued)

Cash and cash equivalents

The exposure to credit risk with respect to cash and cash equivalents is low. Dealings with counterparties arising from derivative instruments are limited to well-established financial institutions of high credit standing. Cash at bank represent surplus funds on current bank accounts. These funds are held by financial institutions of high quality and standing with Standard & Poor's rating for short-term of A-1.

Market risk – interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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 2016, the after tax effect of a 1% movement in the interest rates on the statement of comprehensive income will be R2 400 000 (2015: R556 000).

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

Market risk – foreign exchange rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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 chief financial officer when management regards it prudent. Forward exchange contracts entered into are related to specific statement of financial position items.

The following Rand value items reported in the financial statements are exposed to foreign exchange rate fluctuations at 30 September:

	British Pound R'000	US Dollar R'000	Total R'000
2016			
Financial assets		**6 599**	**6 599**
Financial liabilities	**(622)**	**(4 054)**	**(4 676)**
	(622)	**2 545**	**1 923**
2015			
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 US Dollar, which causes most of the movement, will result in a R183 000 after-tax effect in the profits of the group (2015: R180 000).

There were no open foreign exchange contracts at 30 September 2016 (2015: nil).

31. Financial risk management (continued)

Market risk – price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

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. 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.

Broiler products price risk

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 factors; the uncontrolled import and dumping of chicken products onto 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.

Liquidity risk management

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group has borrowings and other financial liabilities.

The group has good cash flow generation capabilities. During periods of normalised profit margins, i.e. when there are no prolonged adverse movements in the cost of commodities and/or prices of broiler products, surplus cash is generated and cumulated in the business. During periods of lower profit margins, both working capital requirements as well as capital expenditures on property, plant and equipment, are financed from cash generated from business activities and available short-term bank facilities.

31. Financial risk management (continued)

The following table compares the contractual cash flows of debt owed at 30 September 2016 with the carrying amount in the consolidated balance sheet, in Rands. The contractual amounts reflect the differences from carrying amounts due to the effects of discounting and premiums. Interest is estimated assuming interest rates applicable to variable-rate debt remain constant.

	Within one year R'000	Between one and five years R'000	More than five years R'000	Total R'000
2016				
Borrowings	**37 250**			**37 250**
Trade and other payables	**1 389 944**			**1 389 944**
Shareholders for dividend	**1 920**			**1 920**
Bank	**341 145**			**341 145**
Corporate guarantee to associate	**21 250**			**21 250**
	1 791 509			**1 791 509**
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
Corporate guarantee to associate	21 250			21 250
	1 526 130	36 690	5	1 562 825

The following table sets out the contractual terms of the borrowings and other financial liabilities:

	Repayment date	Fixed/variable interest	Interest rate %	Security or other relevant terms
Unsecured borrowings	30 June 2017	Variable	9,0	None
Trade payables	Current	n/a	n/a	None
Accruals	Current	n/a	n/a	None
Bank overdrafts – ZAR-denominated	Current	Variable	10,50	None
Bank overdrafts – Kwacha-denominated	Current	Variable	29,00	Mortgage bond over property and floating charge over inventory and trade receivables

The liquidity risks are managed by the chief financial officer on a group level through a combination of the following:

– monitoring of trading stock levels;
– monitoring of outstanding trade receivables;
– monitoring of daily borrowing levels;
– conducting of short- and long-term cash flow forecasts at regular intervals; and
– the arrangement of short- and long-term borrowing facilities from financial institutions.

The general borrowing facilities from the banks 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.

31. Financial risk management (continued)

Capital risk management

The group manages its capital to maintain a sound net debt position and to provide adequate return on capital employed.

The board of directors mandates the long-term capital structure of the group with debt-to-equity not to exceed a target of 43%.

The group continuously monitors its net debt-to-equity ratio.

The **debt** of the group consist mainly of the following:

- 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, is 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.

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:

	2016 R'000	2015 R'000
Total debt – refer to note 25	**376 431**	375 983
Less cash and cash equivalents – refer note 21	**(136 401)**	(319 149)
Net debt	**240 030**	56 834
Equity	**2 372 534**	2 371 580
Total capital	**2 612 564**	2 302 785
Net debt-to-equity ratio (%)	**10.1**	2.4

The net debt to equity ratio increased during the year due to the cash inflow from the lower profits for the year not being sufficient to fund dividends paid during the year, which includes the final dividend in respect of the previous year's profits.

32. Related party transactions

	2016 R'000	2015 R'000
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
Purchases	**262 770**	227 846
Outstanding balances at year end		
Receivables	**2 932**	3 521
Trade payables	**27 431**	23 218

Directors' remuneration

Details of directors' remuneration is given on page 108. Executive directors are eligible for an annual performance-related bonus payment linked to appropriate group targets. The structure and payments of bonuses are decided by the human resources and remuneration committee.

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

Key management

Employees fulfilling the role of key management are the executive directors and the prescribed officers of the group.

Principal subsidiary undertakings

Details of subsidiaries in the group are set out in note 33 to the financial statements.

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, and Meadow Feeds (Standerton) (Pty) Limited in respect of borrowings.

notes to the annual financial statements

for the year ended 30 September 2016 (continued)

33. Interest in subsidiary companies

Details of the principal subsidiary companies in the group are as follows:

		Issued ordinary capital		Effective percentage holding	
		2016	2015	**2016**	2015
		R'000	R'000	**%**	%
Unlisted investments					
Astral Operations Limited	a	**12**	12	**100**	100
National Chicks Limited	b	**23 720**	23 720	**100**	100
Africa Feeds Limited (Zambia)^	c	**24**	24	**100**	100
Meadow Eastern Cape (Pty) Limited	c			**100**	100
Meadow Standerton (Pty) Limited	c			**100**	100
Meadow Moçambique Limitada*	c	**4 393**	4 393	**80**	80
National Chicks Swaziland (Pty) Limited#	d	**1**	1	**67**	67
Mozpintos Limitada*	d	**100**	100	**100**	100
Progressive Poultry Limited^	d	**10**	10	**100**	100

^ *Incorporated in Zambia*
* *Incorporated in Mozambique*
# *Incorporated in Swaziland*

Nature of business

a – Animal feed and pre-mix production, broiler genetics and broiler breeding production, broiler operations, production and sale of day-old broilers and hatching eggs, retailer of animal health products and analytical services

b – Investment holding

c – Animal feed production

d – Production and sale of day-old broilers and hatching eggs

34. Events subsequent to statement of financial position date

A final dividend of 100 cents per share has been declared on the 16 November 2016. The payment of the dividend will be on 23 January 2017.

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

analysis of ordinary shareholders

Shareholder spread

	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	2 554	72.66	804 298	1.88
1 001 – 10 000 shares	637	18.12	2 164 360	5.06
10 001 – 100 000 shares	259	7.37	7 894 382	18.46
100 001 – 1 000 000 shares	59	1.68	16 121 832	37.69
1 000 001 shares and above	6	0.17	15 791 013	36.91
Total	**3 515**	**100.00**	**42 775 885**	**100.00**

Distribution of shareholders

	Total shareholding	% of issued capital
Unit trusts/mutual funds	17 060 041	39.88
Pension funds	13 300 466	31.09
Corporate holding	4 088 577	9.56
Other managed funds	2 620 482	6.13
Private investor	2 408 819	5.63
Insurance companies	1 021 814	2.39
Custodians	491 484	1.15
Hedge funds	387 376	0.91
Sovereign wealth	278 534	0.65
Charity	179 971	0.42
Medical aid scheme	125 917	0.29
University	125 364	0.29
Exchange-traded fund	125 043	0.29
Foreign government	117 381	0.27
Local authority	46 698	0.11
Investment trust	38 362	0.09
Remainder	359 556	0.84
Total	**42 775 885**	**100.00**

Public and non-public shareholders

	Number of holders	% of total shareholders	Number of shares	% of issued capital
	7	0.20	4 282 277	10.01
Directors and associates	6	0.17	193 700	0.45
Astral Operations	1	0.03	4 088 577	9.56
Public shareholders	3 508	99.80	38 493 608	89.99
Total	**3 515**	**100.00**	**42 775 885**	**100.00**

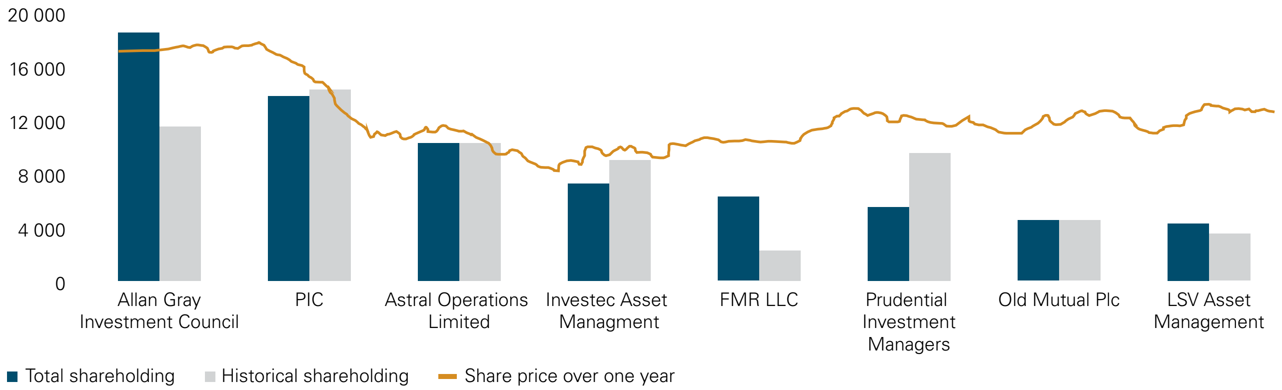
analysis of ordinary shareholders

(continued)

Beneficial interest above 3%

	Total shareholding	%
Allan Gray Investment Council	7 363 462	17.21
Government Employees Pension Fund (PIC)	5 533 900	12.94
Astral Operations Limited	4 088 577	9.56
Investec Asset Management	2 926 753	6.84
FMR LLC	2 460 896	5.75
Prudential Investment Managers	2 238 923	5.23
Old Mutual Plc	1 780 908	4.16
LSV Asset Management	1 697 974	3.97
Total	**28 091 393**	**65.66**

Beneficial shareholding positions above 3% with 12-month change (Share price R)



notice of annual general meeting

Sixteenth 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 sixteenth annual general meeting of members of Astral Foods Limited will be held in the boardroom, 92 Koranna Avenue, Doringkloof, Centurion on Thursday, 9 February 2017 at 08:00, to transact the following business: (Salient dates for the meeting are listed on page 168 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 2016, 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, Dr MT Lategan 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 Dr Lategan are available on pages 48 to 51 of this notice.

Ordinary resolution number 3

To note that in terms of article 34.4.1 of the company's memorandum of incorporation, Dr T Eloff and Mr DJ Fouché 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 48 to 51 of this notice.

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 D Fouché	(Independent Non-Executive Director)
Dr MT Lategan	(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. Mr Fourie resigned as member and Chairman of the committee on 14 June 2016 and Mr Fouché was appointed as Chairman of the committee on 14 June 2016. Dr Lategan was appointed as member of the committee on 21 September 2016.

Brief particulars of the qualifications and experience of the above are available on pages 48 to 51 of this notice.

notice of annual general meeting

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	(Independent advisor)
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.

Brief particulars of the qualifications and experience of the above are available on pages 48 to 51 of this notice.

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 2017 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 page 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 sixteenth 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 2016 and until the date of the next annual general meeting, the remuneration of the Chairman who hold office from time to time be determined as follows:

	Fixed fee per annum 2017 R'000	Fixed fee per annum 2016 R'000
Chairman of the board	**1 100**	950

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 2016 and until the date of the next annual general meeting, the remuneration of the directors who hold office from time to time (other than those in the employ of the company) be determined as follows:

	Fixed fee per annum 2017 R'000	Fixed fee per annum 2016 R'000
Member of the board	**290**	271
Chairman of the Audit and Risk Management Committee	**220**	200
Member of the Audit and Risk Management Committee	**115,5**	105
Chairman of the Human Resources, Remuneration and Nominations Committee	**160**	160
Member of the Human Resources, Remuneration and Nominations Committee	**90**	89
Chairman of the Social and Ethics Committee	**120**	102
Member of the Social and Ethics Committee	**80**	41

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.

notice of annual general meeting

(continued)

Fee payable to non-executive directors for participating in unscheduled board meetings and for additional services undertaken

Special resolution number 3

"Resolved that, with effect from 1 October 2016, the company shall pay an additional fee of R25 000 for participation in unscheduled board meetings and for services undertaken by any of the non-executive directors at the request of the company."

Reason for and effect of special resolution number 3

In light of the provisions of section 66(9) of the Companies Act, the reason for, and effect of, special resolution number 3 is to grant the company the authority to pay the abovementioned additional fee to its non-executive directors for their attendance at unscheduled board meetings and other services undertaken at the request of the company. The Human Resources, Remuneration and Nominations Committee has considered and recommended the abovementioned additional fee, and the board has accepted the recommendation of the Human Resources, Remuneration and Nominations Committee.

Authority to provide financial assistance

Special resolution number 4

"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 4

The reasons for special resolution number 4 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 4 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.

Presentation of the Social and Ethics Committee Report

To present the report of the Social and Ethics Committee for the financial year ended 30 September 2016, as required in terms of Regulation 43(50(c) of the Companies Regulations, 2011.

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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107) by no later than 08:00 on Wednesday, 8 February 2017.

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.

Electronic communication and participation

Shareholders or their proxies may participate in the annual general meeting by way of a teleconference call and, if they wish to do so:

- must contact the Company Secretary: maryna.eloff@astralfoods.com or 012 667 5468 during business hours (08:00 to 16:30) on week days;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

By order of the board

Maryna Eloff
Company Secretary

Pretoria
16 November 2016

notice of annual general meeting

(continued)

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 2016 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. Dr Lategan is required to retire in accordance with article 34.3 of the company's memorandum of incorporation and offers himself for re-election. Dr Eloff and Mr DJ Fouché 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 48 to 51 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.

The board of directors reviewed Mr Fouche's independence from PriceWaterhouseCoopers Inc. and were unanimous in their decision that he is independent based on the fact that his responsibility as designated partner responsible for the audit of the Astral Foods group was concluded with the signing off of the annual financial statements for the 2008 financial year.

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 104 to 106.

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. This is the fourth year that Mr DB von Hoesslin is the designated auditor.

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 8 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the company's remuneration policy.

7. Signature of documentation

Authority for any one director or the Company Secretary to sign documentation to give effect to all ordinary and special resolutions passed at the annual general meeting.

8. Remuneration payable to non-executive directors

Special resolution number 1 is required to obtain the approval of the company in general meeting of the fees payable to the non-executive Chairman. Fee increases are only implemented after formal approval by shareholders.

The Human Resources, Remuneration and Nominations Committee agreed to implement a **composite fee** to be paid to the Chairman of the board as he is 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 2016, the Chairman of the board was also a member of the Human Resources, Remuneration and Nominations Committee and Chairman of 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 59 and 67 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.

9. Presentation of the Social and Ethics Committee report

The Chairman of the Social and Ethics Committee will present the Social and Ethics Committee report for the year ended 30 September 2016.

shareholders' diary

Annual general meeting	Thursday, 9 February 2017

Reports and accounts

Interim report for the six months ending 31 March 2017	May 2017
Announcement of annual results for the year ending 30 September 2017	November 2017
Integrated annual report	December 2017

Dividends

Ordinary dividend number 31 of 100 cents per share	
Last date to trade *cum* dividend	Tuesday, 17 January 2017
Shares commence trading *ex*-dividend	Wednesday, 18 January 2017
Record date	Friday, 20 January 2017
Payment of dividend	Monday, 23 January 2017
Interim dividend – March 2017	
Declaration	May 2017
Payment	June 2017
Final dividend – September 2017	
Declaration	November 2017
Payment	January 2018

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, 2 December 2016
Notice posted to shareholders on (note 3)	Wednesday, 14 December 2016
Record date for attending and voting at annual general meeting "Meeting Record Date"	Friday, 3 February 2017
Last day to trade in order to be eligible to participate and vote at the annual general meeting	Tuesday, 31 January 2017
Last day for shareholders to lodge forms of proxy for the annual general meeting by 08:00	Wednesday, 8 February 2017
Annual general meeting to be held at 08:00	Thursday, 9 February 2017
Results of annual general meeting to be released on SENS	Friday, 10 February 2017

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 sixteenth annual general meeting is Friday, 2 December 2016 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 Tuesday, 31 January 2017. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday, 3 February 2017 will be entitled to participate in and vote at the annual general meeting.*

SHAREHOLDERS WHO FIND THE COST OF SELLING THEIR SHARES EXCEEDS THE MARKET VALUE OF THEIR SHARES MAY WISH TO CONSIDER DONATING THEM TO CHARITY. AN INDEPENDENT NON-PROFIT ORGANISATION CALLED STRATE CHARITY SHARES HAS BEEN ESTABLISHED TO ADMINISTER THIS PROCESS. THE SOUTH AFRICAN REVENUE SERVICE HAS ADVISED THAT THE VALUE OF ANY SHARES DONATED MAY BE DEDUCTED FROM TAXABLE INCOME, AS THE SCHEME IS REGISTERED UNDER SECTION 18A OF THE INCOME TAX ACT. FOR FURTHER DETAILS, QUERIES AND/OR DONATIONS CONTACT THE STRATE SHARE CARE TOLL FREE HELP LINE ON 0800 202 363 OR +27 11 373 0038 IF YOU ARE PHONING FROM OUTSIDE SOUTH AFRICA, OR EMAIL CHARITYSHARES@COMPUTERSHARE.CO.ZA.

notes

notes

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 code: 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 16th annual general meeting of the company to be held at 92 Koranna Avenue, Doringkloof, Centurion on Thursday, 9 February 2017.

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 9 February 2017, do hereby appoint (see note below)

1. or failing him/her

2. or failing him/her

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

Signature

Signed this day of 20

*(*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 2016			
2.	To re-elect Dr MT Lategan as director			
3.1	To re-elect Dr T Eloff as director			
3.2	To re-elect Mr DJ Fouché as director			
4.1	To re-elect Mr DJ Fouché as member of the Audit and Risk Management Committee			
4.2	To re-elect Dr MT Lategan 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 reappoint PricewaterhouseCoopers Inc. as auditors for the 2017 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 company to pay additional fees for participation in unscheduled board meetings and services undertaken by Non-executive Directors			
13.	**Special resolution number 4** 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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107) by no later than 08:00 on Wednesday, 8 February 2017.

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 code 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 (Pty) Limited
1 Fricker Road, Cnr Hurlingham Road
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone (011) 507 0430

Transfer secretaries

Computershare Investor Services (Pty) Limited
Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196
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

Africa Feeds Limited (Zambia)
Registration number 36327
Directors: GD Arnold
TD Banda*
AB Crocker
NR Mwanyungwi*
H Nienaber
GNH Robinson*
** Zambian*

Meadow Feeds Eastern Cape (Pty) Limited
Registration number 2003/021458/07
Directors: GD Arnold
DD Ferreira
CE Schutte
CL Sexton

Meadow Feeds Standerton (Pty) Limited
Registration number 2003/021462/07
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Mozpintos Limitada
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