Quantum Foods Holdings Ltd
Incorporated in the Republic of South Africa
Registration number: 2013/208598/06
Tax registration number: 9095455193
Share code: QFH ISIN code: ZAE000193686
("Quantum Foods" or "the Group" or "the Company")

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015	2014
Revenue	**R3 468 million**	R3 561 million
Operating profit/(loss)	**R164 million**	(R21 million)
Operating profit (before tax and items of a capital nature)*	**R162 million**	R27 million
Headline earnings	**R126 million**	R26 million
Earnings/(loss) per share	**54 cents**	(4 cents)
Headline earnings per share	**54 cents**	11 cents
Final dividend per share	**10 cents**	

* *Income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of headline earnings per share. The principal items excluded under this measurement are profits or losses on disposal of property, plant and equipment and impairments of property, plant and equipment.*

COMMENTARY

INTRODUCTION
2015 was a historic year for Quantum Foods, being our first operating as a stand-alone listed entity. The Group was listed on the JSE on 6 October 2014. Improved financial results were achieved, driven by a significant change in the business model, as well as favourable trading conditions.

FINANCIAL OVERVIEW
Group revenue decreased by 2.6% to R3.5 billion. Revenue from South African operations declined by R119.8 million (3.5%), mostly in the broiler segment due to the change in business model at the Western Cape operations. Revenue increased in the feeds and eggs and layer livestock segments due to improved volumes and selling prices. Revenue from African operations increased by R27.1 million (17.8%) and contributed 5.2% to Group revenue for 2015.

Cost of sales decreased by 4.0% to R2.9 billion. Cost of sales includes the biological assets (livestock) and agricultural produce (eggs) fair value adjustments that were realised and included in other gains and losses in the statement of comprehensive income. These fair value adjustments for the year ended September 2015 amounted to R238.0 million (2014: R112.5 million). Gross profit, excluding these fair value adjustments, improved by R151.5 million, resulting in a gross profit margin of 24.3% compared to 19.4% in 2014.

Cash operating expenses decreased further in 2015, following the closure of the Durbanville abattoir in the Western Cape. Various cost-saving initiatives, especially the remodelling of distribution, also contributed positively.

Operating profit increased by R184.9 million from a loss of R20.9 million in 2014. The 2014 operating loss included an impairment expense of R49.5 million. Operating profit in the South African operations improved by R202.6 million to R145.8 million at a margin of 4.4% (2014: -0.2%) with improvements in all three business segments. Operating profit in Africa declined by R9.8 million to R25.3 million at a margin of 14.1%.

Headline earnings per share ("HEPS") improved to 54 cents from the 11 cents per share of 2014.

Cash generated from operations amounted to R163.8 million in 2015. This includes an additional investment in working capital of R53.6 million. Capital expenditure for the year amounted to R81.2 million, R31.9 million of which was incurred on the table egg expansion projects in Zambia and Uganda. South African capital expenditure includes R17.5 million for the acquisition of Safe Eggs, a pasteurised table egg business, during the year.

The Group had no interest-bearing debt at 30 September 2015.

OPERATIONAL OVERVIEW
For companies in the poultry sector, trading conditions in South Africa improved in the period under review. Maize and soya meal costs were lower than in 2014, despite substantial increases in the second half of the year, following the much lower than expected South African maize crop and the further weakening of the rand.

Egg prices improved due to a balanced supply and demand in the market, and broiler prices increased despite the continued increase in imports.

Animal feeds
The animal feeds business continued its growth of recent years. External sales volumes increased by 7.7% and margins improved due to judicious procurement practices and the continuous drive to reduce costs and increase efficiencies.

Eggs and layer livestock
The eggs and layer livestock business performance improved from a loss in 2014 to achieving an operating margin of 3.5% in 2015. Layer livestock volumes increased satisfactorily, while egg volumes were slightly lower, with average selling prices improving by 4.7%.

Broilers
The broiler business showed a marked improvement in financial performance. The change in the business model in the Western Cape was successfully executed and yielded a return to profitability. The Gauteng business improved, but remained loss-making. The Gauteng abattoir was sold to Sovereign Foods in October 2015, resulting in an aligned broiler business model. Quantum Foods is now the biggest broiler contract grower in South Africa, supplying its own feed and day-old chicks.

African operations
The rapid weakening of the kwacha against the rand, as well as the US dollar, combined with the effect on profitability of an oversupply of day-old broilers, had a negative impact on the financial results of the Zambian business. The operation of a distribution centre in Zambia was terminated during the year to focus on core operations, while egg production capacity was increased with the rental of a farm in the Chipata region. The Zambian business remained very profitable. The project to increase egg production capacity at the Mega Eggs farm in the Copperbelt has progressed according to plan with egg production expected to commence in July 2016.

The Ugandan business also experienced a decline in financial results, mainly due to an increased cost base required for expansion. The establishment of a commercial layer farm near Masindi is slightly behind schedule, and the Group expects egg production to start in the second half of 2016.

PROSPECTS

The South African economy remains under pressure due to a weakening currency and muted consumer spending. While trading conditions were favourable for Quantum Foods during the 2015 financial year, we expect high input costs coupled with a weak economy to put pressure on the Group's profitability in 2016.

Due to the repositioning of the Group, some of these risks have now been mitigated. This, together with various supply chain and cost-saving initiatives, the continued relentless focus on efficiencies and further growth prospects in the feeds, layer livestock and businesses on the African continent, should assist the Group in navigating the anticipated headwinds successfully.

DIVIDEND

A maiden gross dividend of 10 cents per share has been approved and declared by the Board for the year ended 30 September 2015 from income reserves. The applicable dates are as follows:

Last date of trading cum dividend	Friday, 5 February 2016
Trading ex dividend commences	Monday, 8 February 2016
Record date	Friday, 12 February 2016
Dividend payable	Monday, 15 February 2016

Share certificates may not be dematerialised or materialised between Monday, 8 February 2016 and Friday, 12 February 2016, both days inclusive.

By order of the Board

WA Hanekom
Chairman

HA Lourens
Chief Executive Officer

Wellington
26 November 2015

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Audited 30 September 2015 R'000	Audited 30 September 2014 R'000
ASSETS			
Non-current assets		**945 625**	1 061 357
Property, plant and equipment	3	**923 322**	1 045 078
Intangible assets		**12 784**	7 116
Investment in associate		**6 731**	6 112
Deferred income tax		**2 788**	3 051
Current assets		**1 053 062**	985 291
Inventories		**234 566**	232 544
Biological assets		**288 775**	292 372
Trade and other receivables		**334 794**	353 863
Derivative financial instruments		**7 424**	991
Cash and cash equivalents		**187 503**	105 521
Assets held for sale	10	**83 399**	–
Total assets		**2 082 086**	2 046 648
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		**1 514 567**	1 461 224
Share capital		**1 585 386**	1 585 386
Other reserves		**(228 968)**	(155 395)
Retained earnings		**158 149**	31 233
Total equity		**1 514 567**	1 461 224
Non-current liabilities		**220 747**	195 922
Deferred income tax		**214 258**	189 577
Provisions for other liabilities and charges		**6 489**	6 345
Current liabilities		**346 772**	389 502
Trade and other payables		**343 890**	388 037
Current income tax		**2 882**	1 465
Total liabilities		**567 519**	585 424
Total equity and liabilities		**2 082 086**	2 046 648

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Audited Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
Revenue		**3 468 312**	3 560 943
Cost of sales		**(2 864 073)**	(2 982 629)
Gross profit		**604 239**	578 314
Other income		**11 639**	14 450
Other gains/(losses) – net	4	**238 482**	74 767
Sales and distribution costs		**(193 631)**	(261 203)
Marketing costs		**(11 287)**	(9 080)
Administrative expenses		**(96 168)**	(95 284)
Other operating expenses		**(389 212)**	(322 823)
Operating profit/(loss)		**164 062**	(20 859)
Investment income		**9 886**	5 899
Finance costs		**(1 887)**	(4 974)
Share of profit of associate company		**619**	595
Profit/(loss) before income tax		**172 680**	(19 339)
Income tax (expense)/credit		**(45 764)**	10 852
Profit/(loss) for the year		**126 916**	(8 487)
Other comprehensive income/(loss) for the year			
Items that may subsequently be reclassified to profit or loss:			
Fair value adjustments to cash flow hedging reserve		**796**	238
For the year		**16 851**	331
Deferred income tax effect		**–**	(93)
Current income tax effect		**(4 718)**	–
Realised to profit or loss		**(15 747)**	–
Deferred income tax effect		**93**	–
Current income tax effect		**4 317**	–
Movement on foreign currency translation reserve			
Currency translation differences		**(75 513)**	(19 927)
Total comprehensive income/(loss) for the year		**52 199**	(28 176)
Profit/(loss) for the year attributable to owners of the parent		**126 916**	(8 487)
Total comprehensive income/(loss) for the year attributable to owners of the parent		**52 199**	(28 176)
Earnings/(loss) per ordinary share (cents)	5	**54**	(4)
Diluted earnings/(loss) per ordinary share (cents)	5	**54**	(4)

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
Share capital	**1 585 386**	1 585 386
Opening balance	**1 585 386**	–
Borrowings and net invested equity capitalised during the year	**–**	1 344 176
Common control transaction	**–**	160 178
Shares issued during the year	**–**	81 032
Net invested equity	**–**	–
Opening balance	**–**	38 071
Net invested equity capitalised during the year	**–**	(38 071)
Other reserves	**(228 968)**	(155 395)
Opening balance	**(155 395)**	24 472
Other comprehensive income/(loss) for the year	**(74 717)**	(19 689)
Recognition of share-based payments	**1 144**	–
Common control transaction	**–**	(160 178)
Retained earnings	**158 149**	31 233
Opening balance	**31 233**	39 720
Profit/(loss) for the year	**126 916**	(8 487)
Total equity	**1 514 567**	1 461 224

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Audited Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**163 819**	41 946
Net cash profit from operating activities		**232 127**	70 945
Working capital changes		**(53 630)**	(27 649)
Cash effect of hedging activities		**1 104**	–
Net cash generated from operations		**179 601**	43 296
Income tax paid		**(15 782)**	(1 350)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(62 031)**	(35 359)
Additions to property, plant and equipment		**(58 323)**	(37 364)
Additions to intangible assets		**(5 389)**	(7 188)
Proceeds on disposal of property, plant and equipment		**9 295**	3 294
Business combination	9	**(17 500)**	–
Interest received		**9 886**	5 899
Net cash surplus		**101 788**	6 587
NET CASH FLOW FROM FINANCING ACTIVITIES		**(1 370)**	76 752
Proceeds from issue of ordinary shares		**–**	81 032
Interest paid		**(1 370)**	(4 280)
Net increase in cash and cash equivalents		**100 418**	83 339
Effects of exchange rate changes		**(18 436)**	(2 038)
Net cash and cash equivalents at beginning of year		**105 521**	24 220
Net cash and cash equivalents at end of year		**187 503**	105 521

SUMMARY CONSOLIDATED SEGMENT REPORT

	Audited Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
Segment revenue	**3 468 312**	3 560 943
Eggs and layer livestock	**1 154 315**	1 086 619
Broilers	**1 034 834**	1 241 320
Animal feeds	**1 099 905**	1 080 880
Africa	**179 258**	152 124
Segment results	**164 062**	(20 859)
Eggs and layer livestock	**40 571**	(16 435)
Broilers	**39 706**	(101 267)
Animal feeds	**65 493**	60 889
Africa	**25 286**	35 114
Unallocated	**(6 994)**	840
A reconciliation of the segment results to operating profit/(loss) before income tax is provided below:		
Segment results	**164 062**	(20 859)
Adjusted for:		
Investment income	**9 886**	5 899
Finance costs	**(1 887)**	(4 974)
Share of profit of associate company	**619**	595
Profit/(loss) before income tax per statement of comprehensive income	**172 680**	(19 339)
Items of a capital nature per segment included in other gains/(losses) – net		
Impairment of property, plant, equipment and intangible assets before income tax	**–**	49 478
Broilers	**–**	49 478
Segment assets	**1 885 064**	1 931 964
Eggs and layer livestock	**736 872**	753 485
Broilers	**568 344**	596 920
Animal feeds	**390 376**	358 054
Africa	**168 645**	199 445
Other	**20 827**	24 060
A reconciliation of the segments' assets to the Group's assets is provided below:		
Segment assets per segment report	**1 885 064**	1 931 964
Adjusted for:		
Investment in associate	**6 731**	6 112
Deferred income tax assets	**2 788**	3 051
Cash and cash equivalents	**187 503**	105 521
Total assets per statement of financial position	**2 082 086**	2 046 648
Total segment liabilities	**350 379**	394 382
Eggs and layer livestock	**84 456**	62 202
Broilers	**53 258**	71 217
Animal feeds	**150 890**	200 448
Africa	**18 686**	13 123
Other	**43 089**	47 392
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:		
Segment liabilities per segment report	**350 379**	394 382
Adjusted for:		
Current and deferred income tax liabilities	**217 140**	191 042
Total liabilities per statement of financial position	**567 519**	585 424
Total assets held for sale	**83 399**	–
Broilers	**83 399**	–

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

BACKGROUND

The Group was established during the previous reporting period when the business of the Pioneer Food Group Ltd ("Pioneer Foods") related to the production of eggs, chicken products, animal feed and poultry livestock was incorporated as Quantum Foods. The Group comprises the following businesses: the Nulaid eggs and layer livestock business, the Tydstroom broiler business and the Nova feeds business, which are divisions of Quantum Foods (Pty) Ltd; Philadelphia Chick Breeders (Pty) Ltd; Lohmann Breeding SA (Pty) Ltd; Quantum Foods Uganda Ltd; Quantum Foods Zambia Ltd and an investment in Bergsig Breeders (Pty) Ltd, classified as an associate.

1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Ltd Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The directors take full responsibility for the preparation of the preliminary report and that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

2. Accounting policies

These summary consolidated financial statements incorporate accounting policies that are consistent with those applied in the Group's consolidated financial statements for the year ended 30 September 2015 and with those of previous financial years, except for the adoption of the following amendments to published standards and interpretations that became effective for the current reporting period beginning on 1 October 2014:

- *Amendments to IAS 32 – Financial instruments: Presentation*
- *Amendments to IAS 36 – Impairment of assets*
- *Improvements to IFRSs 2013*

The adoption of these amendments to standards and interpretations did not have any material impact on the Group's results and cash flows for the year ended 30 September 2015 and the financial position at 30 September 2015.

3. Property, plant and equipment

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Total R'000
Audited				
30 September 2015				
Cost				
At 1 October 2014	487 273	1 104 362	44 389	1 636 024
Additions	19 230	37 759	1 334	58 323
Transfers	2 979	(2 979)	–	–
Business combinations	–	15 500	–	15 500
Foreign exchange adjustment	(25 100)	(30 846)	(2 369)	(58 315)
Disposals	(11 485)	(5 586)	(4 327)	(21 398)
Transferred to assets held for sale	(74 842)	(85 546)	(789)	(161 177)
At 30 September 2015	398 055	1 032 664	38 238	1 468 957
Accumulated depreciation and impairment				
At 1 October 2014	**(137 944)**	**(433 892)**	**(19 110)**	**(590 946)**
Charge for the year	**(9 100)**	**(42 651)**	**(3 256)**	**(55 007)**
Foreign exchange adjustment	**3 553**	**3 927**	**1 377**	**8 857**
Depreciation on disposals	**7 321**	**3 885**	**2 477**	**13 683**
Transferred to assets held for sale	**25 170**	**52 177**	**431**	**77 778**
At 30 September 2015	**(111 000)**	**(416 554)**	**(18 081)**	**(545 635)**
Net book value at 30 September 2015	**287 055**	**616 110**	**20 157**	**923 322**

	Audited Year ended 30 September 2015 R'000	Audited Year ended 30 September 2014 R'000
4. Other gains/(losses) – net		
Biological assets fair value adjustment	**111 882**	51 950
Unrealised – reflected in carrying amount of biological assets	**(4 489)**	9 767
Realised – reflected in cost of goods sold	**116 371**	42 183
Agricultural produce fair value adjustment	**121 128**	70 722
Foreign exchange differences	**4 000**	(272)
Foreign exchange contract fair value adjustments	**(108)**	230
Profit on disposal of property, plant and equipment	**1 580**	1 615
Impairment of property, plant and equipment	**–**	(49 478)
	238 482	74 767

5. Earnings per ordinary share

Basic and diluted

The calculation of basic and diluted earnings per share is based on earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year:

Profit/(loss) for the year attributable to owners of the parent	**126 916**	(8 487)

Headline earnings is calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants.

The Group has no dilutive potential ordinary shares.

Reconciliation between profit/(loss) attributable to owners of the parent and headline earnings

Profit/(loss) for the year attributable to owners of the parent	**126 916**	(8 487)
Remeasurement of items of a capital nature		
Profit on disposal of property, plant and equipment	**(1 000)**	(1 312)
Gross	**(1 580)**	(1 615)
Tax effect	**580**	303
Impairment of property, plant and equipment	**–**	35 840
Gross	**–**	49 478
Tax effect	**–**	(13 638)
Headline earnings for the year	**125 916**	26 041
Weighted average number of ordinary shares in issue ('000)*	**233 249**	233 249
Earnings/(loss) per share (cents)		
Basic and diluted	**54**	(4)
Headline earnings per share (cents)		
Basic and diluted	**54**	11

* *The loss per share and headline earnings per share for the previous reporting period set out above were based on Quantum Foods' actual number of shares in issue on 6 October 2014, the date of listing on the JSE, being 233 248 590 shares.*

	Audited 30 September 2015 R'000	Audited 30 September 2014 R'000
6. Contingent liabilities		
Guarantees in terms of loans by third parties to contracted service providers	**42 300**	45 900

Litigation

Dispute with egg contract producers

As previously reported, six contract egg producers proceeded with claims in the Western Cape High Court: Cape Town. The claim from one of the six contract producers is still unresolved.

Pioneer Foods is defending contractual claims from its privatised egg contract producers and the matters were set down for arbitration during 2012. Since the hearings commenced in 2012, settlements were negotiated with four egg contract producers. A further contract producer withdrew its claim. These settlements had no adverse financial impact on Pioneer Foods.

Pioneer Foods filed a plea in respect of the remaining claim as well as a counterclaim to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producer. Pioneer Foods is awaiting the setting of a trial date in this matter.

Although the claims were brought against Pioneer Foods, the Group indemnified Pioneer Foods against any damages that may be suffered as a result of same in terms of the internal restructuring agreements when it acquired the egg business.

Management is of the view, based on legal advice regarding the merits of the claim against the Group, that the Group will not incur any material liability in this respect.

Termination of contract

The Group received a summons in respect of early termination of a distribution contract. The matter will be defended in the High Court.

Management is of the view, based on legal advice regarding the merits of the claim against the Group, that the Group will not incur any material liability in this respect.

7. Future capital commitments

Capital expenditure approved by the Board and contracted for amount to R49.0 million (30 September 2014: R40.5 million). Capital expenditure approved by the Board, but not contracted for, amount to R113.0 million (30 September 2014: R73.8 million). This amount includes the approved acquisition of the Olifantskop feed mill, as well as the possible acquisition of a business in another African country.

8. Fair value measurement

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

Level 1:

Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2015:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
Assets measured at fair value			
Derivative financial instruments			
– Foreign exchange contracts	–	4	–
– Fair value hedges	–	7 420	–
	–	7 424	–
Total assets measured at fair value			7 424

There were no transfers between any levels during the year, nor were there any significant changes to the valuation techniques and inputs used to determine fair values.

9. Business combination

During the year under review, the following business was acquired and all assets and liabilities relating to this acquisition has been accounted for on the acquisition basis:

	Audited Year ended 30 September 2015 R'000
Safe Eggs – Pasteurised eggs (on 20 April 2015)	
Fair value	
Property, plant and equipment	**15 500**
Trademarks	**1 544**
Inventory	**510**
Trade and other payables	**(54)**
Purchase consideration – settled in cash	**17 500**

Reason for business combination

To enter into a new market segment in the egg industry. Pasteurised eggs is a value added product.

Contribution since acquisition	
Revenue	**12 602**
Operating profit before finance cost and income tax	**837**
Pro forma contribution assuming the acquisition was at the beginning of the year	
Revenue	**30 245**
Operating profit before finance cost and income tax	**2 009**

10. Assets held for sale

The Group's shareholders were advised on SENS on 11 May 2015 of an agreement entered into with Sovereign Food Investments Ltd, in terms of which the Group will dispose of the Tydstroom Abattoir business in Hartbeespoort, as a going concern. The Tydstroom Abattoir business in Hartbeespoort, relates to the slaughtering and processing of broilers for human consumption.

Accordingly, the Tydstroom Abattoir business in Hartbeespoort has been treated as an "asset held for sale" in terms of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* for the year ended 30 September 2015.

The disposal will result in the Group exiting the broiler meat market served from the Hartbeespoort abattoir in Gauteng. It will furthermore result in an aligned broiler business model for the Group in both the Western Cape and Gauteng, with the Group being a contract producer of live broilers and not participating directly in the broiler meat market.

The Group's shareholders were advised on SENS on 7 October 2015 that all of the conditions precedent to the sale have been fulfilled and accordingly the sale is unconditional, with an effective date of 19 October 2015.

	Audited 30 September 2015 R'000
Assets of the disposal group classified as held for sale	
Property, plant and equipment	**83 399**
	83 399

11. Events after the reporting period

Dividend

A final dividend of 10 cents per ordinary share has been declared for the year, on 23 November 2015. This will only be reflected in the statement of changes in equity in the next reporting period.

Additional information disclosed:

These dividends are declared from income reserves and qualify as a dividend as defined in the Income Tax Act, Act 58 of 1962.

Dividends will be paid net of dividends tax of 15%, to be withheld and paid to the South African Revenue Service by the Company. Such tax must be withheld unless beneficial owners of the dividend have provided the necessary documentary proof to the relevant regulated intermediary that they are exempt therefrom, or entitled to a reduced rate as result of the double taxation agreement between South Africa and the country of domicile of such owner.

The net dividend amounts to 8.5 cents per ordinary share for shareholders liable to pay dividends tax. The dividend amounts to 10.0 cents per ordinary share for shareholders exempt from paying dividends tax.

The number of issued ordinary shares is 233 248 590 as at the date of this declaration.

There have been no other events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of approval of the summary consolidated financial statements by the Board.

12. Preparation of financial statements

The summary consolidated financial statements have been prepared under the supervision of Mr AH Muller, CA(SA), Chief Financial Officer.

13. Audit

The summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

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

Directors: WA Hanekom (Chairman), N Celliers, HA Lourens (CEO)*, AH Muller (CFO)*, PE Burton, Prof. ASM Karaan, GG Fortuin (* Executive)

PM Roux resigned 7 October 2014
LP Retief resigned 19 February 2015
GG Fortuin appointed on 28 April 2015

Company secretary: INT Ndlovu • **Email:** Ntokozo.Ndlovu@quantumfoods.co.za

Registered address: 11 Main Road, Wellington, 7655, PO Box 1183, Wellington, 7654, South Africa

Tel: 021 864 8600 • **Fax:** 021 873 5619 • **Email:** info@quantumfoods.co.za

Transfer secretaries: Computershare Investor Services (Pty) Ltd, PO Box 61051, Marshalltown, 2107, South Africa

Tel: 011 370 5000 • **Fax:** 011 688 5209

Sponsor: PSG Capital (Pty) Ltd, PO Box 7403, Stellenbosch, 7599, South Africa

Tel: 021 887 9602 • **Fax:** 021 887 9624