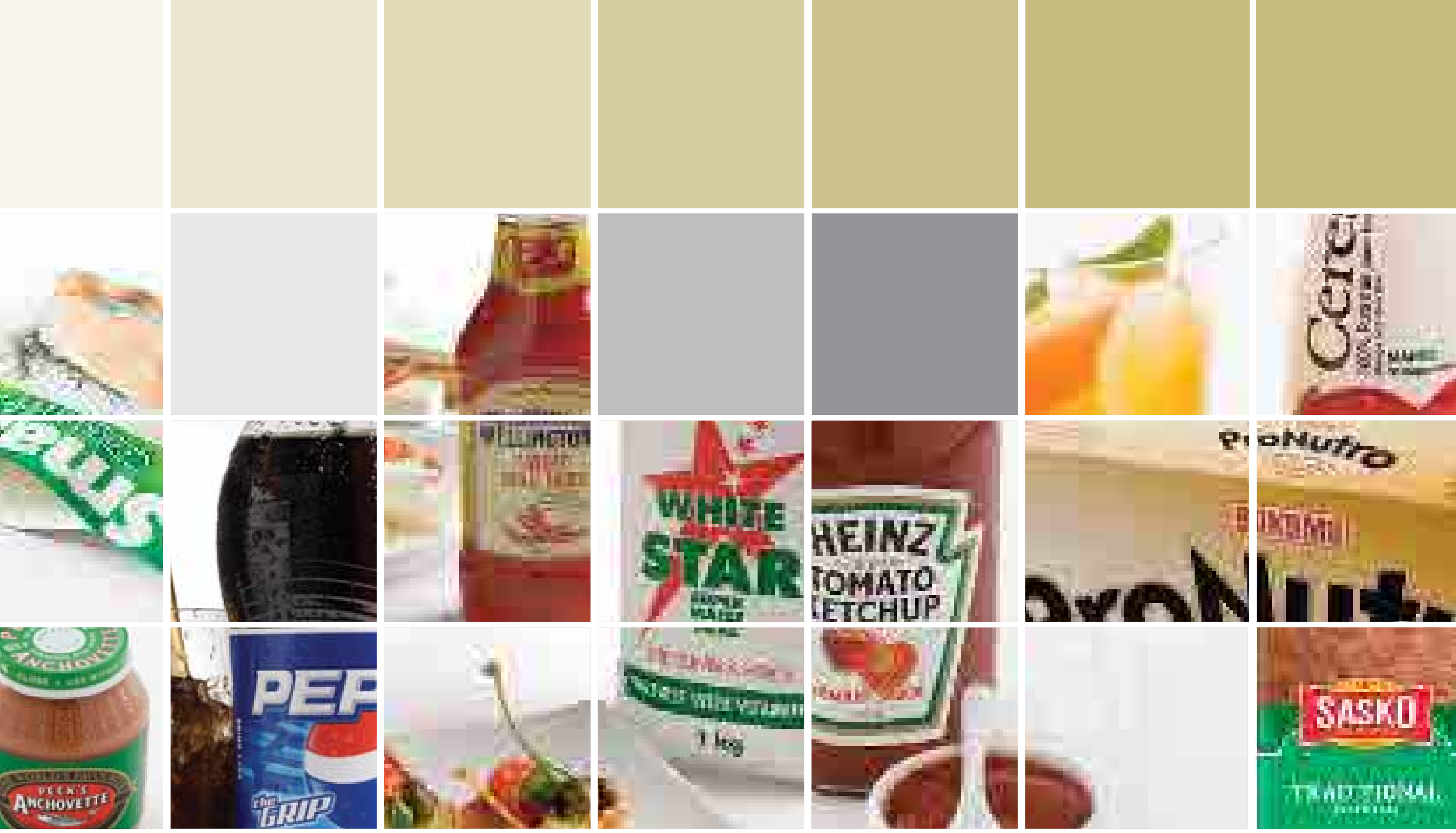
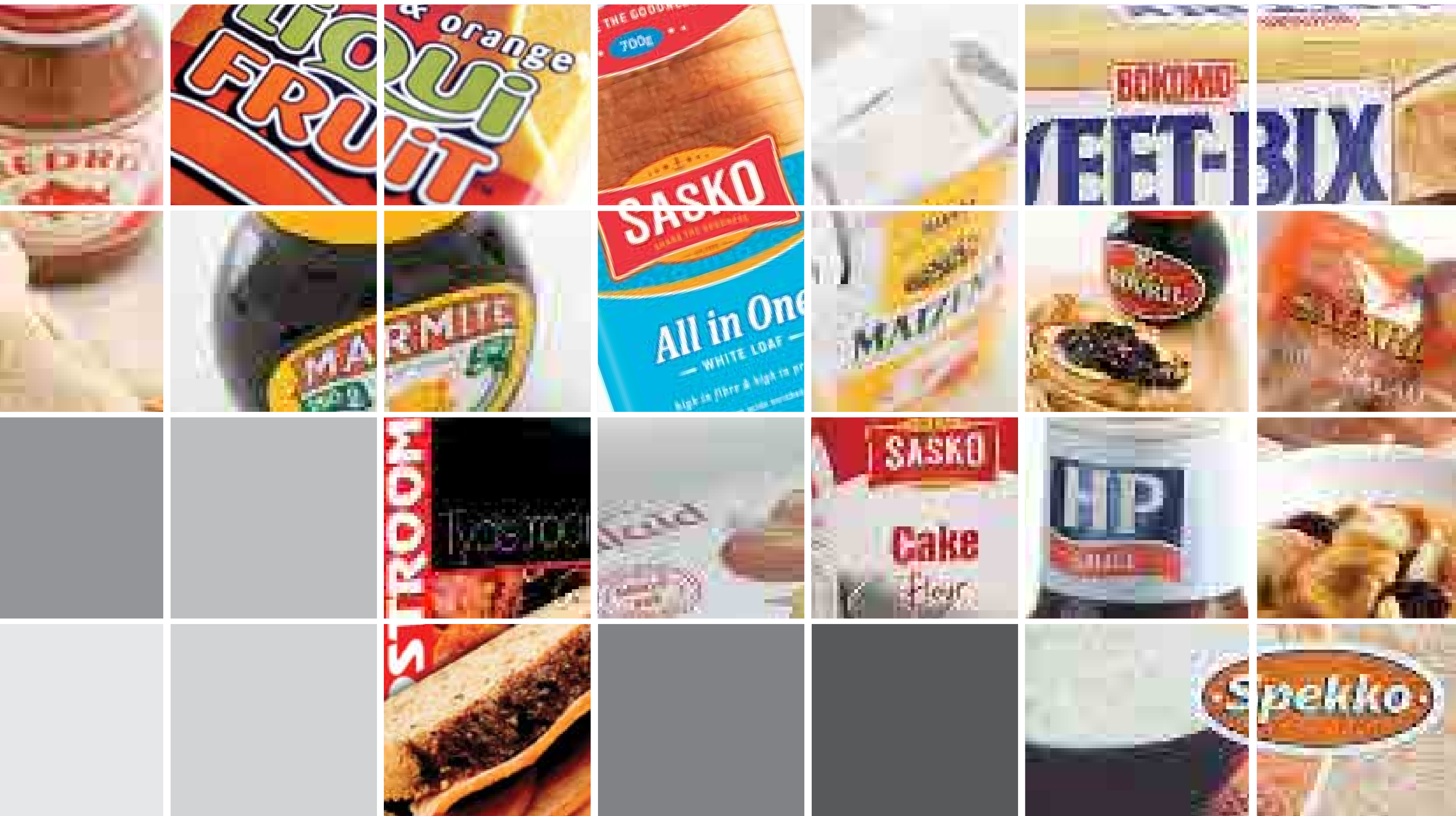


PIONEERFOODS
SINCE 1920

ANNUAL REPORT 2009



Pioneer Foods Annual Report 2009

PIONEERFOODS
SINCE 1920

vision

To be a leading food and beverage company through globally trusted brands

values

- Accountability and commitment
- Development and recognition of people
- Adaptability
- Consumer/customer focus
- Integrity
- Passion

CONTENTS

financial highlights 2009

REVENUE	**R16.3 billion**	**+9%**
OPERATING PROFIT before items of a capital nature	**R1 160 million**	**+34%**
HEADLINE EARNINGS per ordinary share	**355 cents**	**+22%**
TOTAL DIVIDEND per ordinary share	**125 cents**	**+30%**

White Star super maize meal celebrating 10 years of success.

Since the launch in March 1999, *White Star* super maize meal has achieved consistent growth to become one of the biggest super maize meal brands in South Africa. *White Star's* superior quality is underpinned by a character that is young, modern and vibrant – "The Clever Choice" super maize meal brand for millions of consumers daily.

at a glance

Pioneer Foods operates in the food and beverages business sectors. Our core business is the production, distribution, marketing and selling of a diverse range of food, beverages and related products for both human and animal consumption. Pioneer Foods is a significant player in these industries in Southern Africa.

Pioneer Foods produces affordable products of a consistently high quality and have a commitment to food safety and nutritional ethics. The Group's research and development infrastructure ensures and supports constant product innovation.

An extensive distribution network covers the entire country and key regions of the various Africa businesses. The Group employs more than 11 000 permanent employees.

business strategy

Organic growth in revenue

- Capacity expansion
- Brand support
- Focused sales and merchandising structure

New category and geographic expansion

- Evaluating opportunities to enter new categories
- Africa is a focus in the medium term

Margin improvement

- Continued alignment of sales prices with input costs
- Driving efficiencies through process optimisation
- Input cost management
- Strengthening brand positioning

Transformation

- Committed to the principles of transformation across the Group

PIONEERFOODS
SINCE 1920

salient features

FINANCIAL RESULTS (R MILLION)	2009	2008	% CHANGE
Revenue	16 284	14 884	+9
Operating profit, before items of a capital nature	1 160	865	+34
Headline earnings	621	468	+33
Cash profit from operating activities	1 510	1 142	+32
Net cash from operations	1 888	490	+285
Capital and reserves	4 628	4 257	+9
PERFORMANCE PER SHARE (CENTS)			
Headline earnings	355	292	+22
Dividend	125	96	+30
Net asset value	2 623	2 438	+8
Price at year-end	3 350	2 477	+35
CORE RATIOS (%)			
Operating profit margin	7.1	5.8	
Return on average net assets	20	15	
Return on average shareholders' funds	14	12	
Debt to equity	14	34	

organisational structure

Pioneer Food Group Ltd

100%

Pioneer Foods Holdings Ltd

100%

Pioneer Foods (Pty) Ltd

The business has interests in a number of joint ventures with international partners

HEINZ FOODS SA (PTY) LTD (49.9%)

Tomato sauces | Tomato ketchup | Frozen foods | Condiments | Seafood products | Instant meals | Noodles | Soups | Tinned food

BOKOMO FOODS (UK) LTD (100%)

Breakfast cereals

BOWMAN INGREDIENTS SA (PTY) LTD (50%)

Crumbs & batters

AFRICA BUSINESS

Bokomo Zambia Ltd (100%)
Day-old-broilers | Day-old-pullets | Eggs

Bokomo Uganda (Pty) Ltd (100%)
Day-old-broilers | Day-old-pullets

Bokomo Namibia (Pty) Ltd (50%)
Eggs | Maize meal | Wheaten flour | Distribution of related Group products

Bokomo Botswana (Pty) Ltd (50%)
Eggs | Maize meal | Wheaten flour | Distribution of related Group products

SASKO

Wheaten flour | Maize meal | Bread | Pasta | Rice | Dried vegetables | Buns and rolls

AGRI BUSINESS

Broilers | Eggs | Animal feeds | Processed egg and chicken products

THE CERES BEVERAGE COMPANY

Fruit juices | Carbonated soft drinks | Fruit concentrate mixtures

BOKOMO FOODS

Breakfast cereals | Crumbs | Cake mixes | Biscuits | Flour mixes & concentrates | Rusks | Baking aids | Desserts | Soy products | Instant mash potato | Meal enhancers | Glacè fruits | Processed salads | Fruit pulp | Dried vine fruit products | Dried tree fruit products | Dehydrated vegetables | Nuts | Spreads | Vinegar

The business operates through four divisions that manufacture food and beverage products in South Africa

areas of operation

South Africa

SASKO manufacturer of a range of affordable grain-based food products. We have one of South Africa's largest baking operations, with bakeries located throughout the country.

BOKOMO FOODS producer of various products as mentioned above.

AGRI BUSINESS produces poultry and animal feeds, broilers, eggs and chicken processed egg and chicken products.

THE CERES BEVERAGE COMPANY one of the largest manufacturers of fruit juices, carbonated soft drinks and fruit concentrate mixtures in South Africa.

HEINZ FOODS SA combines HJ Heinz's international portfolio of brands and its strength in technology with the marketing and trading know-how of Pioneer Foods.

African business

- **BOKOMO BOTSWANA**
- **BOKOMO NAMIBIA**
- **BOKOMO UGANDA**
- **BOKOMO ZAMBIA**

United Kingdom

- **BOKOMO FOODS (UK)**

who we are

The Group was formed in 1997 by a merger between Bokomo and Sasko, two established businesses that had been competing in the South African agricultural and food markets since the early 1900s.

Since their inception in the 1920s and 1930s respectively, both Bokomo and Sasko built leadership positions in their markets – each converting from a co-operative to a company during 1996 – prior to the merger to form Pioneer Foods.

PIONEERFOODS
SINCE 1920

what we do

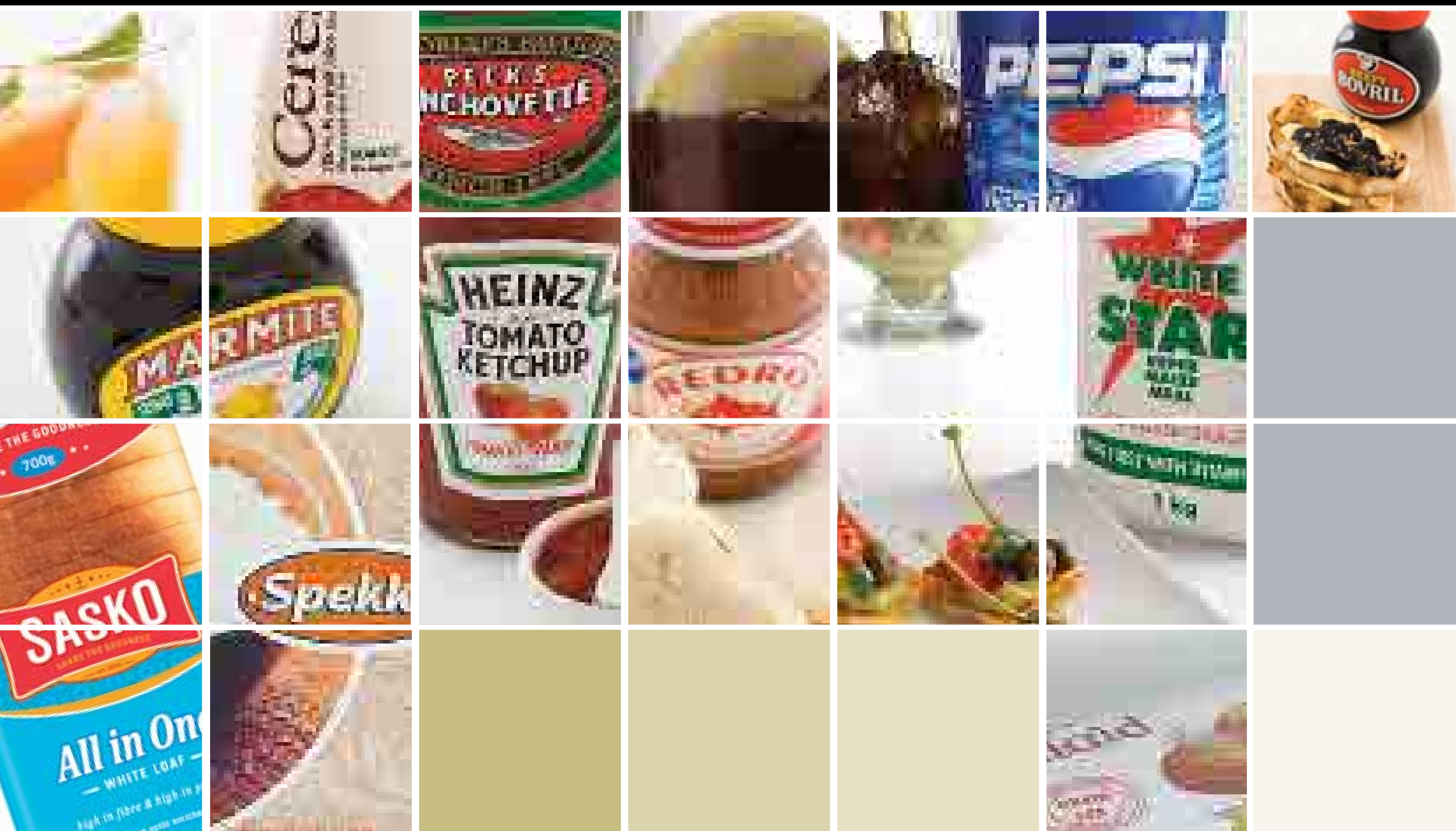
Our core business is the production and distribution of food and beverages for human and animal consumption in Southern Africa.

We operate one of the largest milling and baking businesses, with our *Sasko* brand being one of the most recognisable brands throughout South Africa.

We are a leader in the breakfast cereal market in Southern Africa, with brands such as *Weet-Bix* and *ProNutro* being two of the top selling breakfast cereals, and we are a leader in the local dried fruit products market with our *Safari* brand.

We are a major player in the Southern African beverage industry with recognisable brands such as *Liqui-Fruit*, *Ceres* and *Pepsi*.

Producing some of South Africa's most recognisable brands



board of directors

HE (Boy) Blanckenberg (61)

BA Trade, Agricultural Diploma (Elsenburg)

Chairman of the Board, Chairman of Nomination Committee, Member of Human Resources Committee, Independent non-executive director

Mr Blanckenberg has been farming in the Klipheuwel area since 1970. He has served as board member and chairman of various organisations in the dairy industry. He is currently a director of companies and is the chairman of the board of Pioneer Foods. Director since 20 June 1997.

JA (Nols) Louw (65)

BSc Hons, B(B&A) (Hons)

Vice-chairman of the Board, Chairman of Human Resources Committee, Independent non-executive director

Mr Louw served as executive director of Malbak from 1969 to 1985. In 1986 he became managing director of Pepcor and vice-chairman of Pepcor in 1992. Mr Louw became chairman of Pep Limited in 1996, a position he held until 1997. Currently Mr Louw has various farming operations and is a director of companies, inter alia, of Shoprite Holdings Limited. Director since 28 April 1999.

WA (Willem) Agenbach (60)

MSc

Non-executive director, Member of Audit and Risk Committee

Mr Agenbach served on the board of Southern Associated Maltsters from 1994 to 2005. He also served on the board of Sasko from 1994 to 1997. He retired as chairman of Overberg Agri Ltd in 2008 and farms in the Overberg area, and is a director of companies. Director since 28 April 1999.

AW (Albie) Bester (65)

Non-executive director, Member of the Nomination Committee

Mr Bester has been farming in the Moorreesburg area since 1965. He has served on various managerial boards of public organisations and is currently also serving on the board of Moorreesburgse Koringboere (Pty) Ltd. Director since 22 February 2008.

GD (George) Eksteen (67)

Non-executive director, Member of Nomination and Human Resources Committees

Mr Eksteen farmed in the Malmesbury area. Since 1980 he has been serving on various boards and is currently the chairman of Kaap Agri Ltd. Director since 22 February 2002.

AE (Antonie) Jacobs (44)

CA(SA), MCom (Tax), LLB

Non-executive director, Member of Audit and Risk Committee

Mr Jacobs has many years experience in an investment management capacity in the agricultural sector. He was the managing director of KLK Landbou Limited for three years. He served on the boards of various investment holding companies with diversified interests, such as Winecorp and Spier Holdings. He also previously lectured tax and accountancy at the University of Stellenbosch. Director since 7 August 2008.

NS (Sylvia) Mjoli-Mncube (50)

MA in City planning, SPURS fellow (MIT), Certificate Finance SEP Executive, Leadership Programme (Harvard USA), Certificate in Technical Management (Warwick)

Independent non-executive director, Member of the Nomination Committee

Ms Mjoli-Mncube held various positions at the Social and Economic Science Research Centre at the Washington State University, Pullman, USA. From 1993 to 1995 she was executive director of Bernhardt Dunstan and Associates, a wholly owned subsidiary of Murray and Roberts. From 1995 to 2003 she was executive director of the National Urban Reconstruction and Housing Agency. Director since 25 November 2004.

JF (Jannie) Mouton (62)

CA(SA)

Non-executive director

After having completed his BComm (Hons) in 1969 Mr Mouton qualified as a CA(SA) in 1973. He was co-founder and managing director of SMK, whereafter he founded PSG Group Limited and later Capitec Bank. Mr Mouton is chairman and director of various companies within the PSG Group and also serves on the boards of Zeder Investments Ltd, Kaap Agri Ltd, Steinhoff International Ltd and the KWV Ltd. Director since 20 May 2009.

AH (Andile) Sangqu (42)

BCompt Hons, CTA, Higher Dipl Tax, MBL

Independent non-executive director, Chairman of Audit and Risk Committee

After having completed his articles with PricewaterhouseCoopers Inc., Mr Sangqu spent a number of years in various financial management and executive positions. He serves on various boards of companies. Director since 24 February 2006.

AC (Amanda) Singleton (46)

BA Communication, Certificate in Management Development, Certificate in Strategic Leadership

Independent non-executive director, Member of Audit and Risk Committee

Ms Singleton has many years experience in strategic organisational communication, with specific focus on culture change and reputational management. Director since 24 February 2006.

Dr FA (Franklin) Sonn (69)

BA (Hons) Teacher's Diploma, FIAC/LLD (h.c.), Dr Humane Letters (h.c.), Dr Laws (h.c.), Dr Education (h.c.), Dr Humanities (h.c.)

Independent non-executive director, Member of Human Resources Committee

Dr Sonn held, inter alia, the following positions: deputy president: Chamber of Commerce and Industry of South Africa, president: Afrikaanse Handelsinstituut, chairman and trustee of Impumelelo Innovations Awards Trust, trustee of the Legal Resources Trust, executive in residence at the University of Cape Town Graduate School of Business, chancellor of the University of the Free State, trustee of the Nelson Mandela Foundation, ambassador to the United States of America. Currently he serves on the boards of various companies. Director since 28 April 1999.

Dr MI (Iqbal) Survé (46)

MBChB, BSc (Med) (Hons) Sports Medicine, Fellow of American College of Sports Medicine, Senior Executive Programme (Harvard/Wits), MBA (UCT)

Independent non-executive director, Member of Human Resources Committee

Prior to founding Sekunjalo Group in 1997, Dr Survé was a practising medical doctor and sports medicine specialist. Dr Survé is a fellow of the Africa Leadership Initiative, a fellow of the HRH the Prince of Wales Business and Environment Programme and was appointed by former president Bill Clinton to the board of Governance on the Clinton Global Initiative. He has also been a participant member of the World Economic Forum. He is currently a director of various companies. Director since 25 November 2004.

JH (Kosie) van Niekerk (52)

Non-executive director, Member of Nomination Committee

After serving as a pilot in the South African Air Force, Mr Van Niekerk started farming in 1980 and has extended the business to seven farms. He has served on various boards of companies and is currently serving, inter alia, on the board of Kaap Agri Ltd, where he is the vice-chairman. Director since 24 February 2006.

WA (André) Hanekom (50)

CA(SA)

Managing director

Joined the Group with Bokomo Breakfast Cereals and in 1994 he was appointed chief executive officer of Bokomo. After the merger, he was the executive: Sasko Milling & Baking before being appointed as managing director of the Group in 1999. Director since 1 January 1999.

LR (Leon) Cronjé (52)

CA(SA)

Financial director

Joined the Group in 1987 with Sasko and was the executive: finance before the merger. He was appointed in the same role for Pioneer Foods before becoming financial director in 1999. Director since 28 April 1999.

TA (Tertius) Carstens (46)

BEng (Chem), MBA

Executive director: Sasko

Joined the Group in 1994 and fulfilled various managerial and executive positions before being appointed as an executive director. Director since 23 May 2007.

MT (Tertius) Swanepoel (55)

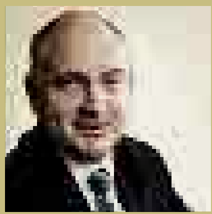
BEcon

Executive director: Marketing

Joined the Group in 1989 and fulfilled various managerial and executive positions before being appointed as an executive director. Director since 22 February 2003.

Non-executive directors


Boy Blanckenberg
CHAIRMAN


Antonie Jacobs


Amanda Singleton


Nols Louw
VICE-CHAIRMAN


Sylvia Mjoli-Mncube


Franklin Sonn

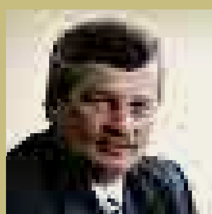

Willem Agenbach


Jannie Mouton


Iqbal Survé


Albie Bester


Andile Sangqu

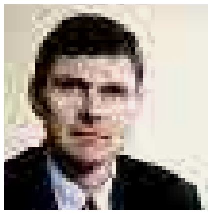

Kosie van Niekerk


George Eksteen

Executive directors


André Hanekom
MANAGING DIRECTOR


Leon Cronjé
FINANCIAL DIRECTOR


Tertius Carstens
EXECUTIVE DIRECTOR: SASKO


Tertius Swanepoel
EXECUTIVE DIRECTOR: MARKETING

executive management

André Hanekom (50)
CA(SA)
Managing Director
Joined the Group with Bokomo Breakfast Cereals and in 1994 he was appointed chief executive officer of Bokomo. After the merger, he was the executive: Sasko Milling & Baking before being appointed as managing director of the Group in 1999. Director since 1 January 1999. 21 years of service.

Leon Cronjé (52)
CA(SA)
Financial Director
Joined the Group in 1987 with Sasko and was the general manager: finance before the merger. He was appointed in the same role for Pioneer Foods before becoming financial director in 1999. Director since 28 April 1999. 22 years of service.

Mkuseli Dlikilili (45)
BAdmin (Hons), MA
Human Resources
Mkuseli joined the Group in 2001 from Portnet, where he served as human resources manager. He was appointed executive for human resources of the Group in 2003. He has been with the Group for 9 years.

Pieter Hanekom (45)
CA(SA)
The Ceres Beverage Company
Pieter joined the Group from Distillers Corporation in 1993 as financial manager at Bokomo. He has since fulfilled numerous management roles in the packaging and Agri businesses before being appointed the executive responsible for The Ceres Beverage Company in 2000. He has been with the Group for 16 years.

Tertius Swanepoel (55)
BEcon
Executive Director: Marketing
Joined the Group in 1989 and fulfilled various managerial and executive positions before being appointed as an executive director. Director since 22 February 2003. 21 years of service.

Tertius Carstens (46)
BEng (Chem), MBA
Executive Director: Sasko
Joined the Group in 1994 and fulfilled various managerial and executive positions before being appointed as an executive director. Director since 23 May 2007.
15 years of service.

Felix Lombard (40)
MCom (Tax) CA(SA)
Bokomo Foods
Felix started his career with the Group in 1994 as head of information systems at Bokomo and then Pioneer Foods. He then acted as financial manager for Sasko Maize Mills and in 1999 was promoted to executive: Agri Business and Packaging. Felix is currently the executive responsible for Bokomo Foods. He has been with the Group for 15 years.

Rosh Naidoo (36)
BProc
Company Secretary
Rosh served as a candidate attorney with MacRobert, de Villiers for two years. She was also a manager in the legal division of Deloitte before joining The Ceres Beverage Company in 2003. She was appointed as executive: corporate strategy in 2007. She has been with the Group for six years.

Hennie Lourens (46)
MCom, BProc
Agri Business
Hennie joined the Group as human resources manager for Bokomo in 1996 from Transnet where he was human resources manager. Before being appointed as executive: Agri in 2007, Hennie was general manager for the Sasko Grain business of the Group. He has been with the Group for 13 years.

2009 proved to be a pleasing recovery to the longer-term growth path in performance of the Group. The resilience of the business was demonstrated as it responded successfully to upward and downward pressures on costs and constrained consumer behaviour.

HE Blanckenberg
Chairman

Selling prices in the key product categories of bread, pasta, rice and wheaten products are now substantially lower than in 2008. Volume growth slowed considerably in the second half of the year in most categories, with the lower price environment succeeding in protecting rather than growing volume share.

Revenue earned by the Group improved by 9.4% to R16.3 billion. This improvement was largely due to the price and volume growth seen in the first half of the year with price and volume levels remaining static in the second half. Food price inflation in the Pioneer Foods basket of products moderated sharply during the second half of the year from around 16% to a mere 1%.

Shifting production and consumption patterns and the strengthening rand complicated the refinement of procurement strategies and the setting of short- to medium-term price points.

The rand strengthened by 30% to the US dollar since October 2008 which, together with slower capital spend and lower debtor and inventory values, unlocked R357 million from working capital for the year.

As a result, net finance charges declined from R220 million to R198 million. Operating profit before items of a capital nature increased by a pleasing 34% to R1 160 million, with the Group operating profit margin consequently improving from 5.8% to 7.1%. Although positive, this margin is below that of industry peers and equal to the 2007 margin levels.

Headline earnings increased by a pleasing 33% to R621 million or by 22% to 355 cents per share, taking into account the diluting effect of the rights issue in the previous year.

Although relatively strong, earnings growth achieved this year only managed to recover to some extent the largely static or declined performances reported in the previous two reporting periods. The Group is probably now on even keel in terms of longer-term growth trends.

Pioneer Foods continues to invest capital for future growth to facilitate the next level of earnings ability with committed capital expenditure of more than R900 million for the year ahead. The main focus is on expanding and improving production facilities in the white maize meal, biscuit, rice and non-alcoholic beverage categories.

Some capital is also allocated to the egg and broiler businesses to optimally position these businesses for sustained profitability.

The debt to equity ratio of 14% at year-end is a significant improvement from 34% the previous year and is well within the acceptable longer-term goal of 20% – 25%.

Given the board's positive view of the Group's sustainable profit growth and cash generation ability in the longer term, an increase of 35% in the final dividend to 89 cents per ordinary share was declared. This results in a total dividend of 125 cents per ordinary share – up 30% from last year. A total of R251 million will be distributed to shareholders based on the year's improved performance. This represents a 34% increase on the previous year's total payout.

Sasko delivered a sound overall performance for the year, posting an improved profit contribution and margin. The range of trusted brands in the predominantly staple food basket of products proved to be defensive of nature in a trying economic climate.

Demand remained resilient, particularly in maize meal products where historic steady declining trends reversed and pleasing growth in sales volumes was achieved. Increased consumption of super maize meal continued to be the strongest profit growth driver in the Sasko business, with the premium product – *White Star* super maize meal – achieving revenue of more than R1.5 billion, a mere 10 years after being launched.

The Agri Business segment posted improved results and recovered mainly on the back of the positive turnaround in the Nulaid egg business. Although the broiler business still struggled, there were some positive signs of recovery towards the end of the year.

The Bokomo Foods segment of the business disappointed with a decreased contribution to earnings. In the breakfast cereals category, consumers opted for cheaper products and, apart from volume growth in *Weet-Bix*, increased sales targets were not met. Another reason for the decreased performance was the relatively small raisin crop along the Orange River that limited export sales volumes of raisins.

The non-alcoholic beverage category in which Ceres Beverages competes, was under pressure in the past year and declined consumer spending negatively affected sales volumes. However, the business achieved improved results on the back of a turnaround in the fruit concentrate mixtures category and, more specifically, from an improved export sales volume and export margin performance in the first half of the year.

The carbonated soft drinks category was under pressure due to aggressive competitor activity and challenging economic conditions. *Pepsi* sales volumes remained satisfactory under these circumstances.

In light of the more challenging trading environment, forecasts for the *Pepsi* venture were adjusted to reflect a longer establishment phase to position the brand for long-term sustainable growth.

Complaint referrals by Competition Commission

Pioneer Foods appeared before the Competition Tribunal in June 2009 on two complaint referrals initiated by the Competition Commission (Commission). On 9 September 2009 the final legal arguments of the Competition Commission and the Company's wholly owned subsidiary Pioneer Foods (Pty) Ltd were made before the Competition Tribunal with regards to the complaint referrals for:

- alleged prohibited practices in the Western Cape seeking, amongst others, the imposition of an administrative penalty of 10% of the revenue derived by Pioneer Foods (Pty) Ltd from the production and sale of bread in the Western Cape in 2006; and
- allegations of participating in a national bread cartel seeking, amongst others, the imposition of an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue in 2007.

In its answer to the complaint referrals received in 2007, Pioneer Foods (Pty) Ltd admitted to certain facts relating to prohibited practices in the Western Cape, but has continued to defend itself against all other allegations made by the Commission.

On 28 September 2009, the Commission applied to the Competition Tribunal for leave to amend the relief sought by it in the complaint referrals by introducing, amongst others, claims for:
- substitution of the original relief sought in the Western Cape referral by the demand for an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue for 2006; alternatively an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue derived from the production and sale of bread in 2006; and
- substitution of the original relief sought in the national referral by the demand for an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue for 2006; alternatively an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue derived from the production and sale of bread in 2006.

Pioneer Foods (Pty) Ltd has opposed certain of the amendments sought.

The legal entity Pioneer Foods (Pty) Ltd's audited national revenue in 2006 amounted to R7.86 billion, whereas the comparative revenue in 2007 amounted to R9.23 billion. Pioneer Foods (Pty) Ltd's national revenue from the production and sale of bread in 2006 amounted to R1.65 billion. Pioneer Foods (Pty) Ltd's revenue derived from the production and sale of bread in the Western Cape in 2006 amounted to R384 million. This was the maximum potential penalty base (10% being R38.4 million) for the Western Cape case in terms of the initial request for penalty from the Commission.

At the date of approval of the financial statements by the board, the Tribunal has not ruled on the amendment sought by the Commission nor on the two complaint referrals.

No provision for a potential administrative penalty has been made.

Pioneer Foods remains committed to the principles of good corporate governance and further entrenching its Legal Compliance Programme.

Prospects

Operating profit for the next reporting period will be influenced by:
- The volatility in raw material prices
- Cost increases and particularly salaries, wages, electricity and transport costs
- Sales volumes driven by changing consumer spending patterns
- Deflationary pressures on selling prices

Sasko has experienced strong growth in this and previous reporting periods and is well positioned for further growth albeit at a slower rate given the relatively high comparative base.

The other businesses of the Group should further unlock their potential to improve contributions to earnings.

Group earnings should benefit from decreased finance costs given the improved debt position.

HE Blanckenberg
Chairman

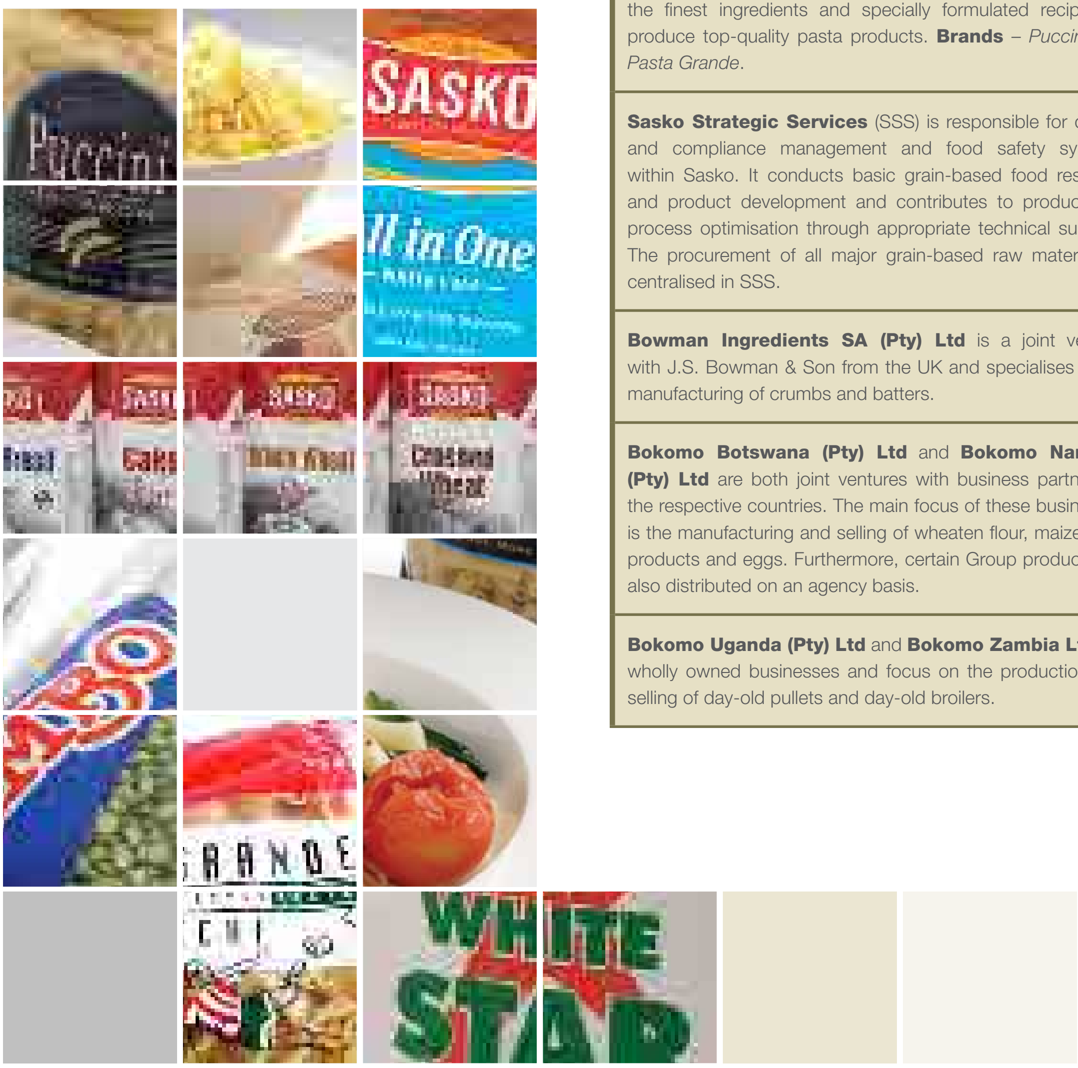
Sasko

PROFILE

The Sasko segment of the business consists of the Sasko division, Bowman Ingredients and a number of other Africa businesses. Sasko is the predominant contributor to the segment and comprises four business units, namely, Sasko Grain, Sasko Bakeries, Sasko Pasta and Sasko Strategic Services.

FINANCIAL PERFORMANCE

Revenue for the segment increased by 9% to R8 877 million and operating profit by 49% to R926 million, resulting in a profit margin of 10.4% (2008: 7.6%).



BUSINESS UNITS

Sasko Grain manufactures and packs a broad range of grain-based staple foods such as wheaten flour, maize meal, rice, beans, lentils and dried vegetables that are distributed, marketed and sold to a diverse market. **Brands** – *White Star* super maize meal, *Sasko* flour, *Imbo* beans and *Spekko* rice.

Sasko Bakeries is a significant player in the South African bread market with distribution to and representation in more than 36 000 retail outlets. **Brand** – *Sasko*.

Sasko Pasta supplies a range of pasta products using only the finest ingredients and specially formulated recipes to produce top-quality pasta products. **Brands** – *Puccini* and *Pasta Grande*.

Sasko Strategic Services (SSS) is responsible for quality and compliance management and food safety systems within Sasko. It conducts basic grain-based food research and product development and contributes to product and process optimisation through appropriate technical support. The procurement of all major grain-based raw materials is centralised in SSS.

Bowman Ingredients SA (Pty) Ltd is a joint venture with J.S. Bowman & Son from the UK and specialises in the manufacturing of crumbs and batters.

Bokomo Botswana (Pty) Ltd and **Bokomo Namibia (Pty) Ltd** are both joint ventures with business partners in the respective countries. The main focus of these businesses is the manufacturing and selling of wheaten flour, maize meal products and eggs. Furthermore, certain Group products are also distributed on an agency basis.

Bokomo Uganda (Pty) Ltd and **Bokomo Zambia Ltd** are wholly owned businesses and focus on the production and selling of day-old pullets and day-old broilers.

Sasko ended the 2009 year with a sound overall performance, posting an improved profit contribution and an improved operating profit margin.

The year was characterised by trend-breaking volume performances. In line with total industry consumption, wheat throughput declined during the year with white maize consumption increasing substantially. Both these changes are in contrast to the historic long-term growth in wheat consumption and the stable consumption trend for white maize.

The demand for staple food products remained resilient in the market, despite the overall decline in economic activity. The various grant support programmes that the government provides, are supportive of this trend, particularly in rural areas where the business is well represented. Overall, the business benefited from the year-on-year decline in grain commodity prices and initial decline in fuel prices, although the substantial rise in electricity costs towards the end of the year is an addition to the cost base.

The continued upgrading of, and capacity creation at, the white maize milling facilities, with the increasing market presence of *White Star* super maize meal, rendered a pleasing return on investment and profit contribution during the year. The *White Star* brand has contributed more than R1.5 billion to revenue in the 2009 financial year. This is quite an achievement as it has occurred within 10 years of the product's launch.

Total rice and legume sales volumes ended below last year's results despite the decline in international rice prices. The continued increase in sales volumes of the *Spekko* branded premium rice products was satisfying.

The performance of the bakery business improved notably compared to the previous year on the back of a sound, although slightly reduced volume base. The benefits derived from reduced wheaten flour input and distribution costs contributed to this performance. During the 2009 year, a change in brand focus was implemented with the various historic bread brands all consolidated under the *Sasko* brand.

The pasta business again posted excellent results with a continued resilient demand for pasta products, which could be indicative of an overall increased per capita consumption.

Bowman Ingredients continued its good performance during the year and performed well in the recessionary environment. Satisfactory volume growth was achieved from both more expensive value-added products and cheaper composite products. A number of innovative new products were launched, with the newly developed maize rusk being particularly well received.

The businesses in the other Africa countries posted varying performances. Whereas the global recession had a definite negative impact on the businesses in Zambia and Uganda, the Botswana and Namibian joint ventures performed well.

Sales volumes of wheaten and maize products in Botswana and Namibia mirrored the trends in South Africa, with the sales and distribution of some Pioneer Foods products through these operations continuing to post positive growth. Future expectations of both these businesses remain positive with investments in upgrading facilities under way or planned.

In contrast, however, the economy in Zambia was adversely affected with a sharp decline in the price of copper. The declining disposable income negatively influenced the ability of livestock farmers to purchase day-old broilers and pullets. This had the effect that volumes in both Uganda and Zambia declined.

A general manager for the Africa business was appointed during the year under review and is based in Lusaka. This is a first step in an increased focus on Africa for future growth.

Agri Business

PROFILE

The Agri Business segment comprises the eggs, broiler and animal feed businesses.

FINANCIAL PERFORMANCE

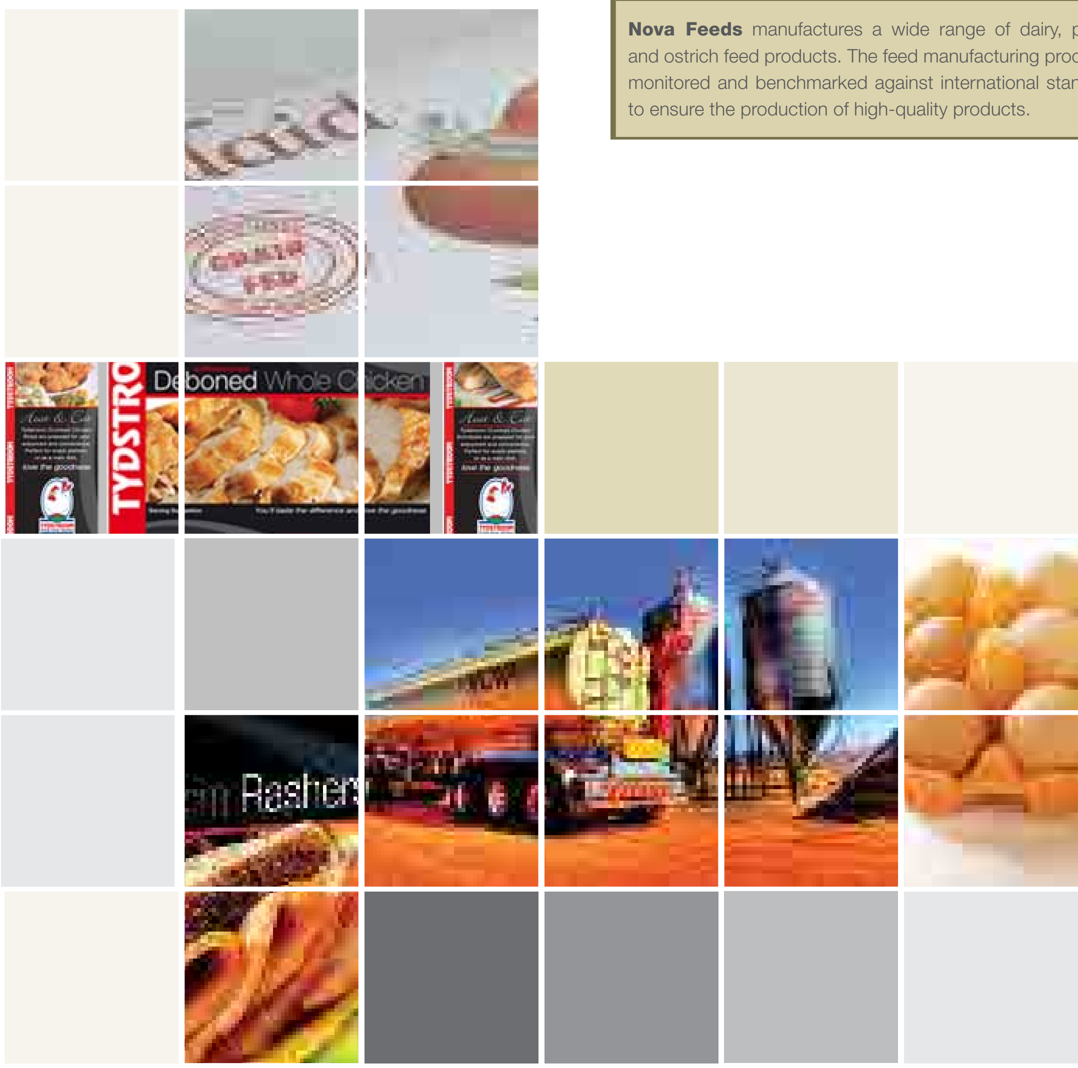
Revenue for the segment increased by 4% to R2 599 million, with a substantial increase in operating profit from R4 million to R80 million, resulting in a profit margin of 3.1% (2008: 0.1%).

BUSINESS UNITS

Nulaid is South Africa's largest commercial egg business with facilities for rearing of laying hens, egg laying farms, egg packaging and egg processing facilities. Eggs are distributed nationally in the retail, wholesale and informal markets under the *Nulaid* brand.

Tydstroom is a broiler production operation, producing, processing and marketing a variety of fresh and frozen chicken products. Regular and free-range chicken is provided in a variety of products such as whole chicken, braai packs, kebabs, etc under the *Tydstroom* brand.

Nova Feeds manufactures a wide range of dairy, poultry and ostrich feed products. The feed manufacturing process is monitored and benchmarked against international standards to ensure the production of high-quality products.



The Agri Business segment recovered well from a disappointing 2008 performance. This recovery was mainly driven by Nulaid, with Nova Feeds performing adequately. Tydstroom again delivered a disappointing performance.

The Nulaid business experienced a positive turnaround and return to profitability. This turnaround was driven by an increase in sales prices, improved efficiencies and effective cost control measures.

Sales prices were to an extent supported by declining availability of eggs as a result of diseases that negatively affected egg production. Nulaid's own sales volumes further declined during the year due to some outsourced contract egg producers not fulfilling their contractual obligations. Legal action has been taken against such producers.

A focused effort resulted in efficiencies at the egg packing facilities improving substantially and is expected to be maintained.

A new world-class liquid egg products plant was commissioned during the year at the newly built egg packing facility in Brackenfell in the Western Cape and sales volumes of liquid egg products are expected to increase in the next year.

The Tydstroom broiler business again performed poorly, mainly due to a number of disease challenges for most of the 2009 year. On-farm performance also suffered, increasing the cost to produce chickens. However, during the last two months of the year the on-farm performance improved and a recovery to acceptable performance levels is expected in 2010.

During the year, the breed was changed from the Hybro breed to the Cobb Avian 48 breed. The first Cobb Avian grandparent chicks were received in August 2009. The Cobb Avian 48 breed is supported by Cobb-Vantress, a leading international breeding company.

New broiler houses were commissioned in the year and improved sales at improved margins are expected for the new year. Stringent cost management should further support the expected improvement in contribution from this business in 2010.

In the Nova Feeds business the year was characterised by volatile raw material prices. Yellow maize prices declined during the second half of the year. Soy meal prices were stable in dollar terms, but the strengthening of the rand resulted in lower soy meal prices. Lower raw material prices led to a decline in final product prices.

Unsatisfactory service levels from Spoornet still have a negative influence on raw material costs. The failure to deliver adequate raw material stock on time resulted in additional costs being incurred to ensure continuous and timeous supply of feed.

Volumes were under pressure during the year and declined in line with industry volume trends. However, margins were maintained through a focused approach on cost management.

A new pellet manufacturing plant was commissioned at the Pretoria feed mill during the year and the new products were well received by customers.

A further improvement from the Agri Business as a whole is expected for the new financial year on the back of increased volumes and improved efficiencies.

Bokomo Foods

PROFILE

The Bokomo Foods segment consists of the Bokomo Foods division, the Bokomo UK business and the Heinz Foods SA joint venture.

FINANCIAL PERFORMANCE

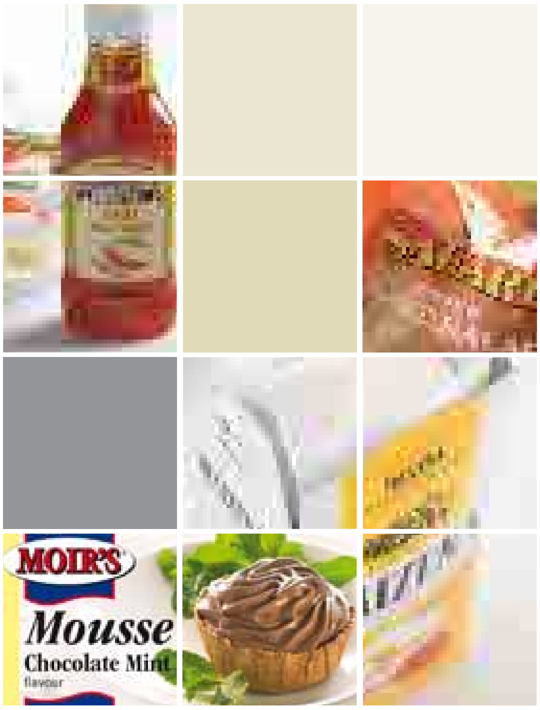
Revenue for the division increased by 3% to R2 625 million while operating profit declined to R195 million, a decline of 18%, resulting in an operating margin of 7.4% (2008: 9.4%).

BUSINESS UNITS

The **Bokomo Foods** division has established itself as the market leader in the breakfast cereals, dried fruit products and baking aids categories. This business also focuses on the supply of bulk packed products to the industrial market. **Brands** include *Weet-Bix*, *Bokomo Corn Flakes*, *ProNutro*, *Moir's*, *Maizena*, *Werda* salads, *Kwality* biscuits, *Safari* dried fruit products, *Marmite* and *Bovril*.

Bokomo Foods (UK) Ltd is a wholly owned business in the UK that manufactures and sells mainly private label wheat biscuits and mueslis for the UK and Scandinavian markets.

Heinz Foods SA (Pty) Ltd is a joint venture with the HJ Heinz Company from the US and focuses on condiments, sauces, frozen foods and instant meals. **Brands** include *Heinz* ketchup, *Wellington's* sauces, *Today* frozen food products and *Mama's* pies.



The performance from Bokomo Foods was disappointing and substantially down on the previous year.

The major challenge was volume related in that sales goals were not achieved due to a reduction in demand, aggressive pricing by competitors, a relatively small raisin crop and limited export volumes of dried fruit products.

The single biggest challenge in the Bokomo Foods division during the last few years was the production pressures due to capacity constraints and inefficiencies. Following the consolidation of Bokomo Foods and SAD in 2008, the management team's main focus is on addressing production-related issues and positive progress has been made.

Bokomo Foods operates in the following categories:

Breakfast cereals

Mixed performances were achieved from the products in this category during the year. The flagship brand, *Weet-Bix*, achieved good volume growth driven by its value for money offering to consumers, and the growth made possible by increased production efficiencies that unlocked capacity. The *Weet-Bix* production capacity expansion was successfully commissioned during the year and multi-grain cereals like *Otees* and *Corn Flakes* also achieved good volume growth.

In executing the strategy to reduce the number of production sites, the muesli factory in Durban was relocated to the existing cereal factory in Atlantis in the Western Cape. Although the once-off relocation and retrenchment costs negatively affected this reporting period, future cost of production will benefit from the change.

A much improved performance is expected from this category in 2010 on the back of focused promoting of the *Weet-Bix* brand and improved efficiencies.

Baking aids

New launches and focused marketing campaigns stimulated volume growth in the dessert, instant meals and baking powder subcategories. However, profitability is still not at an acceptable level. The major cost drivers are the manufacturing on multiple sites and the smaller subcategories that increase complexity. A rationalisation exercise to reduce the number of product lines as well as consolidation of facilities is currently in process. An improved financial performance from this business is expected in 2010.

Biscuits

This category's performance was in line with the previous year. The current biscuit plant in Ekandustria near Bronkhorstspruit is not suited to adequately support the future biscuit strategy. The building of a new plant in the Gauteng region has already begun and should be completed by the end of 2010. This new facility will increase current production capacity and product quality. It will also create the opportunity to re-position the biscuit brands on the back of improved quality and to introduce innovative new products and brands.

Dried fruit

Results in this category were good for the first six months, but decreased significantly for the second half of the year. The first six months was characterised by a continuation of the good sales volumes of the past year and a weaker rand, while the next six months was exactly the opposite with lower volumes and a strong rand. The low volumes were the result of a very low sultana crop in the Orange River region. This resulted in substantially increased producer prices and it was not possible to fully recover the increased cost from the market.

A fire destroyed part of the Upington raisin factory at the end of August, but this had a limited financial effect in the 2009 year. It is expected that the insurance cover will limit any material effect on performance due to the fire, in the new year.

The first six months of the new financial year will still be negatively impacted by the small raisin crop of the previous season. However, early indications are that the 2010 raisin crop will be considerably larger and that the tree fruit crop should at least be similar to that of 2009. This improved crop size should support an improved contribution from the export business and lead to an improved performance during the second half of the financial year.

Other products

The spreads category struggled in the first half of 2009 due to limited availability of raw materials, specifically fish and yeast. The situation improved in the latter half of the year as the supply of fish and especially yeast improved.

The nut and vinegar categories continued their good performance of the previous year, although the industrial nuts business saw a drop in volumes due to a reduction in demand from industrial customers.

The salads business addressed raw material supply-related issues and fully supplied the market during the peak season. However, it was not possible to recover the total cost inflation in the market and earnings contributed by this business was negative.

Bokomo Foods UK

The business performed well during the year, driven by a very good turnaround in the muesli business. The economic crisis in the United Kingdom in particular, had a positive effect on Bokomo Foods UK due to a general trading down by the consumer from higher-priced branded products to the lower-priced private label products. Further volume growth will be tough to achieve in the new financial year but margin growth from further optimisation in factories is expected.

Heinz Foods SA

The business achieved good revenue growth and improved margins, but results were below expectations.

The acquisition of Papillon Foods was completed in February 2009 and will create a Gauteng manufacturing base for chilled and frozen food products. Although the facility is of exceptional quality, additional capital expenditure will further enhance capabilities and improve efficiencies.

The *Heinz* brand continued to deliver strong volume growth which confirms consumer acceptance of the product basket. Product innovation should continue to deliver further growth.

The recession directly impacted on pie volumes, and declined consumer spending has put frozen food sales under pressure. This category is expected to remain under pressure for some time. The *Today* and *Mama's* brands performed well under the difficult economic circumstances.

The *Wellington's* branded range of products delivered strong growth during the year, following increased marketing spend and product innovation.

Ceres Beverages

PROFILE

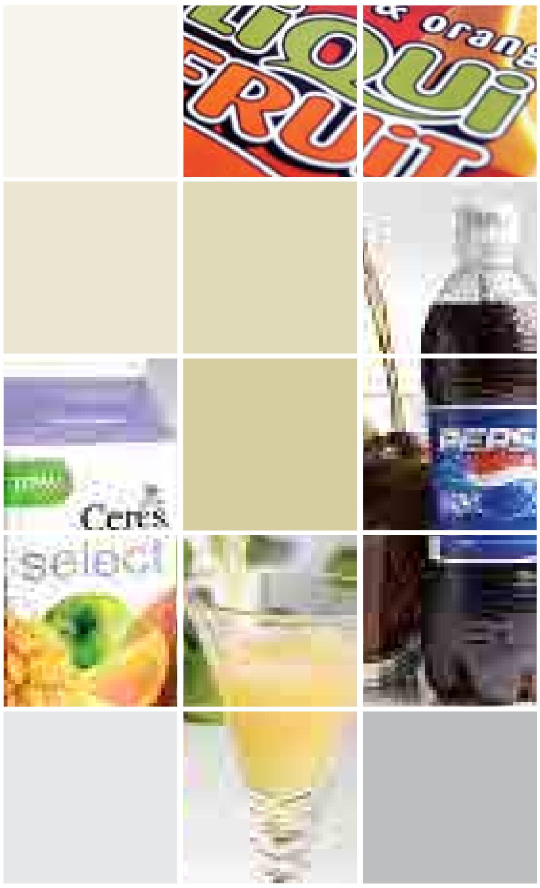
The Ceres Beverages segment consists of the business of The Ceres Beverage Company with the main focus on three separate categories within the beverage sector, namely, fruit juices, fruit concentrate mixtures and carbonated soft drinks.

FINANCIAL PERFORMANCE

Revenue for this segment increased by 16% to R2 410 million and the operating profit increased by 27% to R99 million. The operating margin increased from 3.7% to 4.1% for the year under review.

BRANDS

Brands include *Ceres, Liqui-Fruit, Fruitree, Wild Island, Daly's, Pepsi, Mirinda, Mountain Dew* and *7-Up* amongst others.



Volumes in the non-alcoholic beverage category were globally under pressure during the past year.

The strategy of the business to increase the beverage offering to the consumer was further enhanced with the expansion of the offerings with new products, packaging formats and line extensions.

The economic downturn affected this category and a decline in consumer spending was evident, negatively impacting on sales volumes. Although the operating profit increased, the operating profit margins were under pressure from continuous cost increases in raw material and packaging.

The fruit juice category achieved volume growth on the back of double-digit growth in export volumes. The weaker rand in the first half of 2009 contributed to a good financial performance from the export business in this segment. This performance again confirmed the strategic importance of the drive to increase the international business in order to balance the fruit juice category. Sales volumes on the local market were largely maintained.

Capital expenditure was approved to develop a fruit juice factory in Wadeville. This expansion will enable capitalising on the opportunities in this category as well as substantial distribution savings between the current production facility in Ceres, Western Cape, and the Gauteng and KwaZulu-Natal markets.

In the fruit concentrate mixtures category profitability was restored in line with previous years. Sales volumes were slightly up against the previous year. However, the tough economic conditions did not result in consumers buying the cheaper beverage options in this category to the extent anticipated.

The carbonated soft drinks category was under pressure due to aggressive competitor activity and the difficult economic conditions. Industrial action at the Wadeville production facility contributed to lost sales. New line extensions of *Pepsi* products were launched during the year to further enhance the product range.

Several marketing initiatives with high exposure, such as the IPL and Champions Trophy Cricket tournaments, boosted brand awareness of the *Pepsi* range. Further progress was made to increase the distribution footprint and the cooler placement programme. Sales volumes under these difficult conditions were satisfactory. As predicted, this venture is not earnings enhancing yet, but with the anticipated volume growth and the marketing initiatives an improved performance should be achieved in the new financial year. There will be continued focus on increasing brand awareness through marketing spend.

The focus in 2010 will be on continuing to increase profit margins through efficiency gains. Increased focus on trade marketing as well as improved availability of the product basket, with better focus on sales and merchandising, should result in a further improvement in performance, in line with the growth strategy.

Since entering the beverage category, the strategy was to increase and expand the product basket to attain a business with substantial scale. This should ensure a sound base to support profitable growth in the future.

Income statement

Revenue for the year increased by 9% to R16 284 million. A 20% revenue growth for the first half of the year was followed by no revenue growth for the second six months. This clearly demonstrated the deflationary effect in the basket of products. Much improved world grain stock levels, largely on the back of normalised weather patterns, led to substantially reduced world and local grain prices for the duration of the reporting period. A mixture of increased and largely sustained sales volumes across the various categories buffered the decrease in selling prices, especially in the second half of the year.

The improvement in the gross profit margin by 1.9% to 27.9% confirms an improved alignment of cost recovery in final product prices. This is further illustrated by the recovery in operating profit margin from 5.8% to 7.1%, back to the margin level of 2007.

Operating profit, before items of a capital nature, increased by 34% to R1 160 million. The table below summarises the various segmental contributions from a revenue, operating profit and operating profit margin perspective:

Segment performance	2009	2008	Change
SASKO			
Revenue (R'm)	8 877	8 143	+9%
Operating profit before items of a capital nature (R'm)	926	622	+49%
Operating profit margin	10.4%	7.6%	
AGRI BUSINESS			
Revenue (R'm)	2 599	2 493	+4%
Operating profit before items of a capital nature (R'm)	80	4	+1900%
Operating profit margin	3.1%	0.1%	
BOKOMO FOODS			
Revenue (R'm)	2 625	2 539	+3%
Operating profit before items of a capital nature (R'm)	195	239	-18%
Operating profit margin	7.4%	9.4%	
CERES BEVERAGES			
Revenue (R'm)	2 410	2 083	+16%
Operating profit before items of a capital nature (R'm)	99	78	+27%
Operating profit margin	4.1%	3.7%	
OTHER			
Across segment revenue (R'm)	(227)	(374)	
Unallocated costs (R'm)	(140)	(78)	
GROUP RESULT			
Revenue (R'm)	16 284	14 884	+9%
Operating profit before items of a capital nature (R'm)	1 160	865	+34%
Operating profit margin	7.1%	5.8%	

The star performer in the much improved performance from the Sasko segment was the sustained profit margins at increased sales volumes from *White Star* super maize meal. Effective cost management and cost recovery supported increased contributions from wheaten flour products and bread. The pasta business leveraged on the increased sales volumes in the previous year and sustained margins increased its contribution.

The Agri Business segment largely benefited from the return to profitability by the egg business.

The Bokomo Foods segment posted a weaker performance as a result of sales volume pressure and abnormal costs associated with retrenchments and the relocation of the muesli business. Export sales and profitability suffered in the second half of the year as a result of a much smaller raisin crop and a stronger rand.

The non-alcoholic beverages category where Ceres Beverages competes, suffered due to a decline in consumer spending. The improved performance was largely the result of improved export sales in the first half of the reporting period at a weaker rand and a return to profitability in the fruit concentrate mixtures category.

Unallocated costs increased substantially from R78 million to R140 million. Major contributors to this increased cost were an increased spend on enterprise development and a net increase in the mark-to-market cost of certain interest rate hedge contracts. Further contributors were increased staff cost as well as performance bonuses on the back of the improved performance of the Group not allocated to the various segments.

Net finance charges benefited from the much improved debt position and lower interest rates, and decreased from R220 million to R198 million. Long-term borrowings are largely fixed through specific interest rate hedge instruments and did not share to the same extent as short-term borrowings in the substantially decreased interest rates.

The income tax charge almost doubled to R335 million, with an effective income tax rate of 37.4%. This substantially increased tax rate is the result of a combination of the following:

- A material increase in the non-tax deductible charge to R41 million for the broad-based employee share scheme as a result of the improvement of the share price from R25 to R34.
- Non-tax deductible impairment of goodwill of R45 million.
- Derecognising a deferred tax asset of R34 million, due to a revised view of the time horizon to utilise an assessed loss initially obtained with the acquisition of a subsidiary in 2003, and subsequently a marginal yearly increase.

Earnings increased by 24% to R561 million, with headline earnings increasing by 33% to R621 million. The main difference between earnings and headline earnings being the impairment of the goodwill initially paid for the *Moir's* brand of R45 million. These impairment calculations are based on the view of future profitability of these ventures in relation to the current value of the investment.

Earnings per share and headline earnings per share increased at lower rates of 14% to 321 cents per share and 22% to 355 cents per share respectively. These lower rates of increase per share compared to the total increase is the effect of the increase in the weighted number of ordinary shares in issue following the rights issue of 20 million ordinary shares in the previous year.

Dividend

A final dividend of 89 cents per ordinary share was declared in 2009. This is an increase of 35% on the final dividend of 66 cents per ordinary share in 2008. In addition to the interim dividend of 36 cents, the total dividend declared for the year is 125 cents per ordinary share, an increase of 30%. Total dividend payout based on the year's performance adds up to R251 million, an increase of 34%. Dividend cover based on headline earnings per share slightly improved from 3.0 times to 2.8 times.

A final dividend of 26.7 cents per class A ordinary share is also payable to employees as members of the broad-based employee share scheme. The total dividend declared per class A ordinary share amounts to 37.5 cents per share for the reporting period.

Balance sheet

The improved profit performance, a decreased net current asset base and a scaled-back capital expenditure programme resulted in improved balance sheet ratios. The return on average net assets improved from 15% to 20%.

The table below illustrates the contribution to this ratio by the various segments largely due to the same reasons as highlighted under the operating profit commentary per segment:

Return on average net assets

	2009 %	2008 %
Sasko	**33**	23
Agri Business	**15**	1
Bokomo Foods	**14**	16
Ceres Beverages	**10**	8
Group	**20**	15

Return on average shareholders' funds recovered from 12% to 14%. Net interest-bearing debt substantially benefited from the decreased investment in working capital, as well as contained capital expenditure and improved profit performance, and decreased by R795 million to R660 million. The debt to equity ratio improved from 34% to 14%. The improved debt to equity ratio will enable an accelerated approach to capital spend to support future growth.

Cash flow statement

Cash generated by operations improved substantially by R1 398 million to R1 888 million. This is the result of the improved profit performance resulting in cash profit from operating activities increasing by R368 million, or 32%, to R1 510 million. A further major contributor to the improved cash generation was a turnaround in the working capital investment. An investment in working capital in 2008 of R511 million was followed by an unlocking of working capital of R357 million in 2009. This is largely the result of the substantially decreased raw material cost, especially wheat, and decreased investment in debtors resulting from decreasing final product prices. A positive cash flow effect on hedging activities further contributed to the turnaround.

After a payment of R234 million in income tax and net cash invested in long-term activities of R465 million, a net cash surplus of R1 189 million for the year was recorded. This cash surplus compares very favourably with a cash deficit of R337 million recorded in the previous year. The cash was largely utilised to repay long-term loans of R124 million, interest payments of R225 million and dividend payments of R179 million. The positive balance of cash and cash equivalents amounted to R592 million at year-end, a healthy position from a working capital liquidity requirement perspective.

Statement of commitment

The board of directors of Pioneer Foods is committed to the principle of effective corporate governance and strives for the highest standards of integrity and ethics.

The board supports the Code of Governance Principles as set out in the King II Code of Corporate Governance and are satisfied that the Group has complied with the South African legislation and regulations in this financial year.

The board is pleased to report that a process has been put in place to ensure that the Group complies with the provisions of the King III Code on Corporate Governance in the new year.

Company secretary

All directors have access to the company secretary, who ensures that the board procedures and applicable rules and regulations are fully applied.

Information required for each board meeting is sent to directors timeously before each meeting to enable them to apprise themselves of the information and to consider Group information in terms of their statutory and fiduciary responsibility.

The closed periods for trading in the Group's shares are maintained to prevent insider trading. No director, members of executive management or designated affected employees may trade, directly or indirectly, in Group shares during such closed period. Closed periods apply at least every six months from 15 March or 15 September, respectively, until publication of the interim or annual financial results on SENS.

In addition, directors, executive management and other affected employees are prohibited from trading in Pioneer Foods' shares in any other price-sensitive period.

The company secretary alerts all directors and affected employees prior to the commencement of the closed period.

Outside such closed periods, all directors have obtained the necessary clearance to trade in Pioneer Foods' shares, in accordance with the continuing obligations of the JSE Listings Requirements, in the 2009 financial year.

Directors and board committees

The board of directors are responsible for the total and effective control of the Group. The board is composed of thirteen non-executive directors and four executive directors.

The chairman of the board is an independent non-executive director in accordance with the requirements of the King Code.

The non-executive directors are selected for specific terms and their reappointment is not automatic, but by way of vote. The executive directors and the company secretary are appointed by the board.

The board also has three committees, namely, the audit and risk committee, the nominations committee and the human capital committee wherein it addresses certain specialised issues. Each committee has a charter and mandate and each committee chairman reports on the respective committee's deliverables at the subsequent board meeting.

In this financial year, the board met six times and reviewed, inter alia, strategy, operating and capital budgets and marketing plans. Other matters relating to the overall Group objectives were also discussed.

The board fulfils its duties in terms of a decision-making framework which is reviewed from time to time.

Further, a board effectiveness assessment is undertaken annually and this process is driven by the nomination committee. This year the board followed a hybrid methodology whereby fifty percent of the board participated by way of a written questionnaire and fifty percent by way of a face-to-face meeting with an independent assessor. The results of the said board effectiveness process were analysed by the nomination committee and areas of concern as well as merit were tabled at a board meeting for discussion and strategy.

Board committees

A synopsis of the committees of the board of directors and their mandates are contained in the table below.

	Human Capital Committee	Audit and Risk Committee	Nomination Committee
Composition	Five non-executive directors, four of whom are independent	Four non-executive directors, two of whom are independent	Five non-executive directors, two of whom are independent
Chairman	Independent non-executive director: JA Louw	Independent non-executive director: AH Sangqu	Independent non-executive director: HE Blanckenberg
Frequency of meetings	Four times this year	Four times this year	Four times this year
Board approved charter	Yes	Yes	Yes
Primary responsibilities	• Maintain and approve appropriate policy • Executive management succession planning • Monitor the implementation of relevant labour legislation • Monitor the implementation of the transformation policy • Remuneration of directors and executive management • Evaluation and approval of the remuneration strategy, including the market-related incentive schemes for executive and senior management	• Nomination of auditors for the annual financial audit • Ensures that appropriate internal control procedures are in place and applied • Ensures that risk management procedures are adequate • Ensures that appropriate standards of reporting and compliance are maintained • Ensures that relevant legislation is adhered to • Ensures that the internal audit function operates effectively and is totally independent	• Proposals for all non-executive appointments • Proposals for the appointment of the company secretary • Performance evaluation of the board • Performance evaluation of the chairman • Succession planning of the chairman
Invitees	• Meetings are attended by relevant members of management	• Meetings are also attended by internal and external auditors and relevant members of management	
Access		• The external and internal auditors have unlimited access to the audit and risk committee thereby ensuring independence is not compromised in any way • A fixed agenda item is a closed session discussion without management	

The board attendance statistics are captured in the table below.

Directors	Board meetings (scheduled)	Board meetings (unscheduled)	Audit & Risk Committee	Human Capital Committee	Nomination Committee
Meetings held this financial year	**5**	**1**	**4**	**4**	**4**
HE Blanckenberg (Chairman)	5	1		4	4
JA Louw (Vice-chairman)	4	–		4	
WA Agenbach	4	1	3		
AW Bester	4	1			3
GD Eksteen	5	1		4	4
JN Hamman*	3 of 3	–	1 of 1		
AE Jacobs	5	1	4		
NS Mjoli-Mncube	5	1			3
JF Mouton**	2 of 2	–			
AH Sangqu	5	1	4		
AC Singleton	5	–	4		
Dr FA Sonn	4	–		3	
Dr MI Survé	5	–		2	
JH van Niekerk	5	–			4
WA Hanekom (Managing Director)	5	1			
TA Carstens	5	1			
LR Cronjé	5	1			
MT Swanepoel	5	1			

* JN Hamman retired 20 February 2009
** JF Mouton was appointed 20 May 2009

Internal control and risk management

The board accepts final responsibility for the internal control and risk management systems of the Group.

All material risks in the Group have been identified and documented in a comprehensive risk framework per division. Proper internal control systems are in place and maintained through a divisionally controlled system. The timely execution of self-control procedures is controlled programmatically and compliance with self-control procedures is monitored internally.

The Sasguard Insurance Company Limited insures Group assets comprehensively. Sasguard is a subsidiary and has a limited insurance licence issued by the Financial Services Board. The Group is therefore self-insured, supported by external reinsurance cover for abnormal disasters and other material risks.

The daily treasury activities of the Group are limited to the raising of call and short-term loans, as well as short-term investments. Adequate borrowing facilities exist to ensure daily liquidity, whilst surplus funds may only be invested at institutions approved by the board.

Foreign currency trading is regulated by an approved policy to ensure optimal effectiveness between the buying and selling of currency.

Raw material purchases and the use of derivative financial instruments for the hedging of raw material costs are regulated by a comprehensive policy document approved by the board. Speculation with any financial instrument is specifically prohibited. Application of this policy is closely monitored by an executive committee under chairmanship of the managing director. Reports on the above procedures provide the board with reasonable assurance concerning the reporting of reliable financial information, as well as securing the Group's assets.

Tip-offs Anonymous

Tip-offs Anonymous is an independent hotline service whereby any employee or stakeholder can on an anonymous and confidential basis report any dubious activity or unethical conduct in the Group. Reports are sent directly to the internal audit function and reported to the audit and risk committee.

Internal audit function

An independent internal audit function exists, with the head of internal audit reporting directly to the managing director with ready and regular access to the chairman of the audit and risk committee.

The department consists of eight people with relevant training and experience. The objectives, authority and responsibility of the independent internal audit function are fully described in an internal audit charter approved by the audit and risk committee. The internal audit department liaises closely with the external auditors to prevent duplication.

The internal audit of specialised information technology and the SAP ERP system environment has been outsourced to a division of PricewaterhouseCoopers Inc. This division functions independently from the external audit function.

Findings and recommendations of all internal audit processes are reported to management and the audit and risk committee.

Ethics

A new Code of Ethics has been drafted and has been circulated to each and every employee with a view that all employees may participate in the process of the design of the new Code of Ethics. The Code has been updated to include all relevant comments and will be adopted as an inherent cornerstone of the Pioneer Foods Way in the new year.

Statement from the managing director

Pioneer Foods has come a long way since its inception in 1920. We have strived from the very first day to ensure that our products are of a superior quality and good value for money. This approach ensured a strong relationship with our customers and our brands can be found in almost every home.

Over the years this relationship has come to be recognised in our corporate brand promise ". . . *Nourishing to Sustain* . . .".

Pioneer Foods' ongoing commitment to sustainable development stems from the realisation that a mindset of 'business as usual' is no longer viable.

Triple bottomline reporting underlines this commitment. It is a global reporting standard by which companies can be judged. It analyses and comments on the three most important components of our operations, i.e. our people, our profits and our planet.

This is evidenced by increasing shareholder activism with regard to ethical business behaviour, good governance, consideration for employees and respect for the environment. Businesses in turn are responding by developing strategies which encompass these issues.

Pioneer Foods is one of the largest food producers in South Africa. As such, Pioneer Foods is committed to a strategy that will ensure progress and prosperity, but which will not come at the price of a sustainable future for itself and all its stakeholders.

We realise that this strategy and approach will have to change and adapt to the ever-changing landscape of business.

Sustainability is a journey, not a destination, and although we have just started on this path, we are all committed to ensuring that Pioneer Foods remains on this journey.

W A Hanekom
Managing Director

Broad-based black economic empowerment

The second verification audit has been completed by the National Empowerment Rating Agency (NERA) and Pioneer Foods was categorised as a Level 8 contributor, with an overall score of 33.5%. An improved rating is foreseen from this base score with the next rating.

Enterprise development

Pioneer Foods strives to contribute towards social upliftment and to support processes and business practices that are in line with economic empowerment. As the company's development and growth over the years ensured a spread of household brands across virtually every food and beverage product segment, the Group's enterprise development strategy is focused on supporting initiatives that can add value to or has the potential to add value to our range of products, while contributing to food security and ensuring the sustainability of agricultural businesses in South Africa.

Pioneer Foods prefers to support initiatives that operate close to it in the supply chain. As such, Pioneer Foods has, as part of this focus, supported a number of empowerment projects between producers (who serve as mentors for projects) and their chosen project beneficiaries. This strategy not only improves our risk management by ensuring a future supply of raw materials, but also increases the Group's future business opportunities.

The decision to support projects is based on a strategy that analyses risk, ability to perform and long-term sustainability. The focus aims to have a lasting positive impact on business, society and the environment, while also managing the legitimate interests and expectations of all stakeholders in these projects. The Group's role in these projects is an active one where employees of Pioneer Foods serve on the boards of directors and trustees – ensuring that innovation, fairness, collaboration and social transformation are taken into account in all decision-making processes.

In line with this strategy, Pioneer Foods supports Aqua Noir in Vanrhynsdorp and Doornkloof farm in Laingsburg. Where Doornkloof was bought as a semi-developed farm with a number of orchards already established, new vineyards have to be established at Aqua Noir. Doornkloof had a financially successful first season, while Aqua Noir is still in the development phase with four hectares already established and another eight hectares prepared for planting vines.

Socio-economic development

This year, in an effort to keep an engagement channel open for continuous dialogue, The Pioneer Foods Fund ("The Fund") website was launched. This will enable all stakeholders to study the projects, understand the investment criteria and also allows for online application to The Fund.

All projects should align with The Fund's vision, put into practice under the guidance of the newly appointed Fund chairman Mr Andile Sangqu.

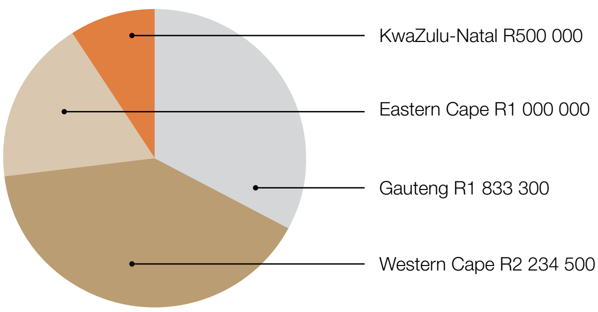
The development boundaries are nutrition, agricultural initiatives, environmental sustainability and disaster relief.

Hereunder a synopsis of the flagship projects.

	FoodBank SA	Stellenbosch Community Development Programme	African Children's Feeding Scheme	Red Cross
Development boundary	Nutrition	Nutrition	Nutrition	Disaster relief
Vision	To create a food redistribution network with a national footprint	To provide food to the most needy and malnourished children at two Stellenbosch primary schools and their families (Total number of children at schools receiving feeding: 2,014; and also 60 families who receive food parcels).	Feeding children in Gauteng.	Disaster management is one of the core programmes for the South African Red Cross and includes disaster preparedness, disaster response and the restoration of family links.
Investment medium	Pioneer Foods invested funds to support infrastructure for the Gauteng and KwaZulu-Natal regions and product donation to the Port Elizabeth region. FoodBank SA received the majority of the 2008/09 total funds and is seen as a strategic partner of The Pioneer Foods Fund.	Pioneer Foods contributed funds to add milk to the daily diet and improve the nutritional status which in turn contributed to significant improvements in both under- and overnutrition among students (independent screening tests done by University of Cape Town).	Co-sponsors the feeding of 21,000 children in Soweto, East Rand and Alexandra in 13 feeding centres, six mobile vans and five delivery tricycles. Pioneer Foods contributed funds to address the need to add milk and cheese to the food parcels distributed. An independent evaluation was conducted by Greater Good SA on behalf of The Pioneer Foods Fund and this confirmed the benefits to recipients, as a result of the contribution.	Pioneer Foods contributed funds to assist the Western Cape branch to address the issues highlighted above after the winter floods.
Rand value	R2 000 000	R437 500	R1 333 000	R150 000

In total The Pioneer Foods Fund undertook 11 projects with investments made in the following provinces:

Total investment per province for 2009



Human capital

People

The Group owes its success to the calibre, commitment and contribution of its people. Their passion and resilience have enabled the Group to build strong and trusted brands over the years.

People draw inspiration from the Pioneer Foods Way which is an embodiment of the Group values, acceptable behaviours and its multi-stakeholder approach and engagement. The Pioneer Foods Way is the bedrock of the inclusive, values-based and performance-driven organisational culture which the Group seeks to nurture and sustain.

People engagement

Various forums and communication channels are used to connect and engage with employees, as key organisational stakeholders. These channels include: one-on-one discussions, team meetings, departmental meetings, site meetings, business unit and group forums, electronic platforms (internet, intranet, SMS, e-mail), focus groups, management roadshows, leadership forums, company publications and newsletters, e.g. *Flag Post, Newsflash*, retirement newsletters, vacancy bulletins and business unit newsletters.

At two-yearly intervals, the Group conducts a climate survey to gauge people's feelings and perceptions about the Group and people practices. This year, a climate survey was conducted with a resounding response rate of over 86% from the entire workforce population. The survey has been followed by focus groups to gain more qualitative insight of the employee views. Once the survey feedback data has been analysed, improvement plans will be formulated per business unit and/or operating point to address the pertinent employee issues.

Employment creation

During 2009, the Group has directly created 203 new employment opportunities, bringing the total permanent employment to 11,086 at year-end within the Group's wholly owned South African operations.

The defensive nature of the food sector has helped the Group in weathering the storm of the global economic downturn without having to resort to employee retrenchment.

The salaried staff turnover rate of 11% is a significant improvement from the staff attrition rate of 13.8% for the same period last year.

High-calibre employee attraction, engagement and retention continue to be the main focal point of the Group's people management agenda.

People development

People development is both a value and the cornerstone for the Group's human capital philosophy of "Growing our own timber".

Uppermost in the Group's people development strategy is to grow the Group skills base, build a scarce skills pipeline and leadership bench strength.

The Group has invested approximately R23 million which is about 2% of payroll in various skills development initiatives and interventions.

Employment equity

The Group continues to make steady progress year on year on employment equity in general, albeit at a slower pace than originally anticipated. Various business units in the Group are busy carving out strategies and implementation plans to accelerate employment equity at managerial level, which is the focal point of the Group's employment equity drive going forward.

Employment relations

Business units within the Group have effective participative forums with labour representatives and representative unions to promote dialogue and engagement on matters of mutual interest. The Group upholds the right to freedom of association and human dignity in the workplace.

There are 17 trade unions in the Group's various business operations with a collective membership of 5,693 employees.

Remuneration benefits

The human capital committee of the board ensures the evaluation and approval of a remuneration strategy, including market-related incentive schemes for executive and senior management.

These incentive schemes include the following:

Performance-linked short-term incentives

Annual performance bonuses are payable and are based on a combination of performance achieved in terms of profit growth and return on average net assets. Depending on seniority, this bonus is limited to an amount that varies between 15% and 75% of a year's remuneration package. An additional bonus, limited to one month's remuneration package is payable to executive management if predetermined broad-based black economic empowerment goals are achieved.

Performance bonuses are also payable to other members of management, based on the achievement of personal goals, as well as Group, divisional or unit profit performance.

Long-term share incentive scheme

A share incentive scheme exists and the human resources committee annually determines the allocation to management. The last offer in terms of a share option scheme was in February 2007 at R31.42, the market price at the time. New allocations in terms of the share option scheme was discontinued in 2008 and replaced with a share appreciation rights plan. Subject to the terms and conditions of the share appreciation rights plan, selected employees will be granted the opportunity to acquire ordinary shares in future, with the quantum of their awards. This is based on the future increase in the value of the Pioneer Foods share price from date of allocation of such specific share appreciation rights. The number of share appreciation rights offered is based on exactly the same principles as applied in determining the number of share options offered in the discontinued scheme. It is based on a multiple of the total remuneration package per year that varies from half a year's package up to three years' package. The total value of share appreciation rights offered takes into account the value of share options and share appreciation rights offered in any past five years. The last offer under this scheme was made in January 2009 at R24.20. Share options and share appreciation rights that have been accepted may be traded at 20% per year within a maximum period of 10 years.

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

Environmental report

An inevitable consequence of the Group's activities is the impact they have on the environment. This report highlights the efforts made by respective divisions to ensure good business practices with regard to the environment. Each operating division is working on sustainability issues in alignment with its industry on an independent basis as reflected by the table on the following page.

Pioneer Foods and its operating divisions are committed to providing quality food products that comply with legal and regulatory requirements. Significant investment in research and development drives product excellence and innovation across defined aspects of the premium brand portfolios contributes to the intended outcomes.

The synopsis hereunder provides highlights for the four major operating divisions:

FOOD SAFETY

To support and further enhance the integrity of the Group's brands and products, food safety is non-negotiable. Food safety programmes have been implemented at divisions to ensure that high food safety standards are achieved and maintained.

SASKO	BOKOMO FOODS	AGRI BUSINESS	THE CERES BEVERAGE COMPANY
All mills are HACCP certified. Eight bakeries have also been HACCP certified. The remaining bakeries are managing food safety via inhouse programmes.	HACCP, BRC, AIB, and ISO 9000 accreditations are maintained at certain plants and monitored by quality officers on site and via a centralised structure to attain high food safety standards consistently.	• The HACCP system is in place at all the abattoirs. • Food safety audits are done regularly in all factories. • At the animal feed factories, near infrared analysis is done on incoming raw materials and outgoing final products.	The Ceres fruit juices factory continues to maintain its ISO 9001, HACCP, BRC and SANAS accreditations.

OCCUPATIONAL HEALTH AND SAFETY
ENERGY EFFICIENCY AND CONSERVATION
ENVIRONMENTAL AND WASTE MANAGEMENT

- Compliance to health and safety regulations is not negotiable.
- The use of energy and other scarce resources are monitored constantly.
- Waste reduction is necessary to ensure long-term sustainability and survival.

SASKO	BOKOMO FOODS	AGRI BUSINESS	THE CERES BEVERAGE COMPANY
All mills and bakeries have completed NOSA audits and this information will be used as the base for the implementation of a SASKO Integrated Management System.	• Water and electricity usage is monitored continuously. • Recently a dedicated specialist has been appointed to manage energy-saving technology and projects within the Division.	• NOSA rated. • Independent service provider to assist or audit health and safety systems.	• The Ceres fruit juice factory has a 4-star NOSA rating and has been recommended for ISO 14000 accreditation. • The Ceres fruit juice factory also maintains its high-tech effluent treatment plant to ensure that all effluent is processed correctly. • The business participates in various recycling programmes for packaging types such as glass, cans and plastic.

KEY

HACCP – Hazard Analysis and Critical Control Points

NOSA – National Occupational Safety Association

BRC – British Retail Consortium

ISO 9000 – International Organisation for Standardisation – Quality Management Systems – Series of Standards

ISO 9001 – International Organisation for Standardisation – Quality Management System Standard – Requirements

ISO 14000 – International Organisation for Standardisation – Environmental Management Systems – Series of Standards

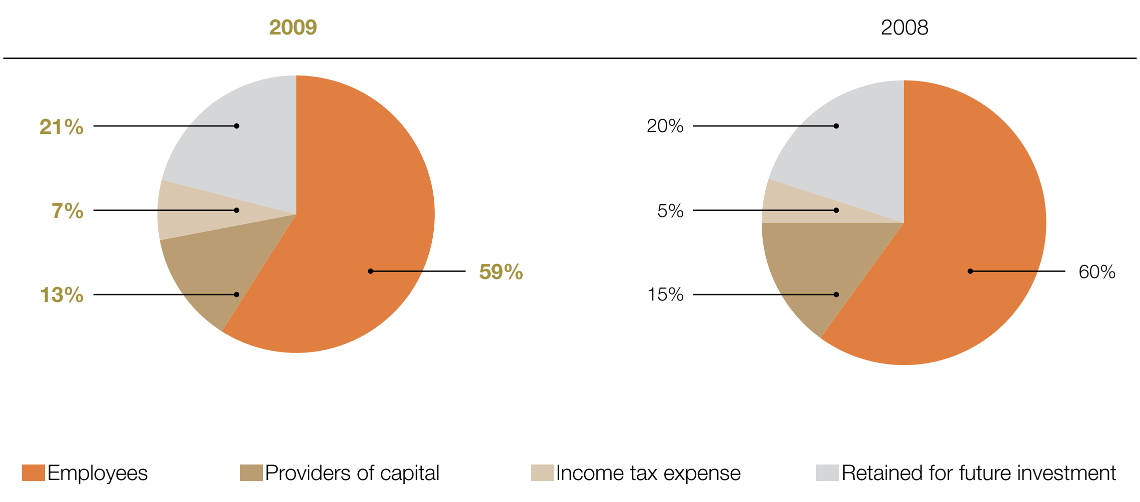
AIB – American International Bakery

SANAS – South African National Accreditation System

VALUE ADDED STATEMENT
for the year ended 30 September 2009

	GROUP	
	2009 R'000	2008 R'000
Revenue	16 283 914	14 884 376
Cost of production and services	(12 937 531)	(12 017 000)
Value added by operating activities	3 346 383	2 867 376
Interest received	26 973	30 473
Dividends received	1 742	999
Wealth created	3 375 098	2 898 848
Distributed as follows:		
Employees		
Salaries, wages and employee benefits	1 999 334	1 741 256
Providers of capital	429 761	424 722
Interest paid	224 554	250 786
Dividend to shareholders	205 207	173 936
Income tax expense		
Income tax paid in respect of profits earned	241 575	151 495
Retained for future investment	704 428	581 375
Depreciation and impairments	322 438	274 537
Retained earnings	381 990	306 838
Wealth distributed and retained	3 375 098	2 898 848

DISTRIBUTION OF WEALTH



FIVE-YEAR FINANCIAL REVIEW

	GROUP				
	2009 R'm	2008 R'm	2007 R'm	2006 R'm	2005 R'm
CONSOLIDATED INCOME STATEMENTS					
Revenue	**16 283.9**	14 884.4	11 676.6	9 664.4	8 446.3
Profit before items of a capital nature and income tax	**964.6**	646.5	717.2	681.2	670.7
Items of a capital nature	**(68.0)**	(19.4)	1.1	76.7	15.4
Income tax expense	**(334.9)**	(174.4)	(211.3)	(186.1)	(177.9)
Profit for the year	**561.7**	452.7	507.0	571.8	508.2
Attributable to:					
Equity holders of the Group	**560.5**	452.2	506.2	571.3	504.6
Minority interest	**1.2**	0.5	0.8	0.5	3.6
	561.7	452.7	507.0	571.8	508.2
Operating profit before items of a capital nature	**1 160.0**	865.1	831.9	746.9	731.0
Headline earnings for the year	**620.9**	468.3	502.6	493.5	487.8
CONSOLIDATED BALANCE SHEETS					
Property, plant, equipment and intangible assets	**3 761.6**	3 634.1	3 244.2	2 853.2	2 574.4
Deferred income tax assets	**2.7**	36.2	25.5	23.4	17.4
Loans to joint ventures and investment in associates	**38.5**	32.4	15.0	11.2	22.9
Non-current trade debtors and available-for-sale financial assets	**48.6**	41.5	42.0	29.8	20.6
Current assets	**4 250.1**	4 297.0	3 502.4	2 976.5	2 259.4
Total assets	**8 101.5**	8 041.2	6 829.1	5 894.1	4 894.7
Capital and reserves attributable to equity holders of the Group	**4 628.0**	4 256.8	3 609.2	3 186.7	2 650.5
Minority interest	**5.8**	6.0	5.8	5.0	4.7
Total equity	**4 633.8**	4 262.8	3 615.0	3 191.7	2 655.2
Non-current borrowings	**1 096.6**	1 181.3	187.4	272.4	67.5
Provisions, derivative financial instruments and share-based payment liability	**165.8**	135.1	71.9	69.0	76.6
Deferred income tax liabilities	**491.2**	442.4	415.4	398.0	387.3
Current liabilities	**1 714.1**	2 019.6	2 539.4	1 963.0	1 708.1
Total equity and liabilities	**8 101.5**	8 041.2	6 829.1	5 894.1	4 894.7
CONSOLIDATED CASH FLOW STATEMENTS					
Net cash profit from operating activities	**1 509.7**	1 141.7	1 117.4	973.3	936.8
Working capital changes	**356.6**	(511.2)	(350.7)	(573.7)	113.6
Cash effect from hedging activities	**21.7**	(140.5)	64.2	49.6	14.0
Income tax paid	**(234.4)**	(178.3)	(225.5)	(209.9)	(131.8)
Net cash flow from operating activities	**1 653.6**	311.7	605.4	239.3	932.6
Net cash flow from investment activities	**(465.0)**	(648.9)	(645.9)	(354.4)	(768.0)
Net cash surplus/(deficit)	**1 188.6**	(337.2)	(40.5)	(115.1)	164.6
Net cash flow from financing activities	**(517.5)**	1 140.9	(331.9)	74.5	(628.1)
Net cash and short-term borrowings from business combinations and disposal of subsidiaries	**–**	2.8	(3.0)	–	(4.4)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**671.1**	806.5	(375.4)	(40.6)	(467.9)

	GROUP				
	2009	2008	2007	2006	2005
PROFITABILITY (%)					
Revenue growth	**9.4**	27.5	20.8	14.4	11.3
Operating profit margin	**7.1**	5.8	7.1	7.7	8.7
Effective tax rate	**37.4**	27.8	29.4	24.6	25.9
Return on average net assets	**19.7**	15.4	17.2	18.3	21.7
Return on average shareholders' funds	**14.0**	11.9	14.8	16.9	19.0
LIQUIDITY AND SOLVENCY					
Debt to equity ratio (%)	**14.3**	34.2	33.1	28.3	22.2
Current ratio (times)	**2.5**	2.1	1.4	1.5	1.3
Acid test ratio (times)	**1.3**	1.0	0.7	0.8	0.7
Cash profit interest cover (times)	**7.6**	5.2	9.7	14.5	12.3
Net interest cover (times)	**5.9**	3.9	7.2	11.1	9.6
Dividend cover (times)	**2.5**	2.5	3.0	3.2	3.6
PERFORMANCE PER SHARE (CENTS)					
Earnings	**320.8**	282.3	330.7	377.4	324.3
Headline earnings	**355.4**	292.4	328.4	325.9	313.5
Dividend	**125.0**	96.0	93.0	85.2	74.8
Net asset value	**2 622.9**	2 437.6	2 338.6	2 087.6	1 757.6
PRODUCTIVITY					
Revenue to net asset cover (times)	**3.5**	3.5	3.2	3.0	3.2
Revenue per employee (R'000)	**1 363.7**	1 284.7	1 010.6	829.4	702.9
Net assets per employee (R'000)	**387.6**	367.4	312.4	273.5	220.6
Number of permanent employees	**11 941**	11 586	11 554	11 652	12 016
SHARE TRADING STATISTICS					
Price per share (cents):					
At year-end	**3 350**	2 477	3 504	2 800	2 000
High	**3 350**	3 504	4 000	3 300	2 000
Low	**2 175**	2 060	2 800	1 871	1 055
Net number of issued shares ('000):					
Total number of issued shares	**201 184**	201 184	181 184	181 184	181 184
Number of treasury shares – share incentive trusts	**(6 758)**	(8 571)	(8 871)	(10 415)	(12 266)
Number of treasury shares – subsidiary	**(17 982)**	(17 982)	(17 982)	(18 118)	(18 118)
	176 444	174 631	154 331	152 651	150 800
Market capitalisation (R'000)	**6 739 664**	4 983 328	6 348 687	5 073 152	3 623 680
Dividend yield (%)	**3.7**	3.9	2.7	3.0	3.7
Headline earnings yield (%)	**10.6**	11.8	9.4	11.6	15.7
Earnings yield (%)	**9.6**	11.4	9.4	13.5	16.2
Price earnings ratio (times)	**9.4**	8.5	10.7	8.6	6.4

	GROUP				
	2009 R'm	2008 R'm	2007 R'm	2006 R'm	2005 R'm
Segments					
Revenue					
Sasko	**8 876.7**	8 143.0	5 848.8	4 655.8	4 229.7
Agri Business	**2 599.4**	2 493.4	2 106.9	1 877.2	1 765.9
Bokomo Foods	**2 625.0**	2 539.4	2 217.3	1 856.1	1 577.7
Ceres Beverages	**2 410.1**	2 082.9	1 807.3	1 383.8	985.9
Unallocated	**–**	–	–	212.1	197.7
	16 511.2	15 258.7	11 980.3	9 985.0	8 756.9
Less: Internal revenue	**(227.3)**	(374.3)	(303.7)	(320.6)	(310.6)
	16 283.9	14 884.4	11 676.6	9 664.4	8 446.3
Operating profit before items of a capital nature					
Sasko	**926.3**	622.0	453.8	372.0	361.2
Agri Business	**80.3**	3.5	100.7	178.1	163.0
Bokomo Foods	**195.4**	239.4	213.0	158.0	166.6
Ceres Beverages	**98.6**	77.8	106.4	77.9	63.7
Unallocated	**(140.6)**	(77.6)	(42.0)	(39.1)	(23.5)
	1 160.0	865.1	831.9	746.9	731.0
Depreciation and amortisation					
Sasko	**111.0**	104.4	110.8	83.6	70.7
Agri Business	**21.1**	19.6	17.3	17.3	17.4
Bokomo Foods	**54.4**	45.9	54.0	50.7	44.1
Ceres Beverages	**55.0**	50.8	37.3	28.1	23.4
Unallocated	**27.6**	31.6	31.1	17.3	23.9
	269.1	252.3	250.5	197.0	179.5

DEFINITIONS

Operating profit margin
Operating profit, before items of a capital nature, as a percentage of revenue.

Effective tax rate
Income tax expense per income statement as a percentage of profit before income tax.

Return on average net assets
Operating profit, before items of a capital nature, as a percentage of total assets, excluding any loans to joint ventures, investments in associates, available-for-sale financial assets, non-current trade and other receivables, cash and cash equivalents and deferred income tax assets, reduced by trade and other payables, provisions for other liabilities and charges, derivative financial instruments and share-based payment liabilities. The average is based on the carrying values as at the beginning and end of the year.

Return on average shareholders' funds
Headline earnings as a percentage of average capital and reserves attributable to equity holders of the Group, as determined at the beginning and end of the year.

Debt to equity ratio
Borrowings, net of cash and cash equivalents, as a percentage of capital and reserves attributable to equity holders of the Group.

Current ratio
Ratio of current assets to current liabilities.

Acid test ratio
Ratio of current assets less inventories and current biological assets to current liabilities.

Cash profit interest cover
Net cash profit from operating activities plus dividends received, divided by net interest.

Net interest cover
Operating profit, before items of a capital nature, plus dividends received, divided by net interest.

Dividend cover
Headline earnings for the year, divided by total dividends declared (excluding dividends on class A ordinary shares).

Net asset value per share
Capital and reserves attributable to equity holders of the Group divided by the total number of issued ordinary shares, excluding treasury shares held by a subsidiary and a share incentive trust.

Revenue to net asset cover
Revenue divided by net assets.

Revenue per employee
Revenue divided by permanent employees at year-end.

Net assets per employee
Capital and reserves attributable to equity holders of the Group divided by permanent employees at year-end.

Market capitalisation
Market price per ordinary share at year-end multiplied by the total number of issued ordinary shares.

Dividend yield
Dividend per ordinary share divided by the market price per ordinary share at year-end.

Headline earnings yield
Headline earnings per ordinary share divided by the market price per ordinary share at year-end.

Earnings yield
Earnings per ordinary share divided by the market price per ordinary share at year-end.

Price earnings ratio
Market price per ordinary share at year-end in relation to headline earnings per ordinary share.

Ordinary share/shares
For the purposes of all the above definitions ordinary share/shares exclude(s) class A ordinary shares.

GROUP ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY

In accordance with the requirements of the Companies Act, the directors are responsible for the preparation of annual financial statements and Group annual financial statements which conform with International Financial Reporting Standards (IFRS) and which fairly present the state of affairs of Pioneer Food Group Limited and its subsidiaries at the end of the financial year, and the net profit and cash flows for that period. The directors are also responsible for the other information included in the annual report and for both its accuracy and its consistency with the financial statements.

It is the responsibility of the independent external auditors to report on the fair presentation of the financial statements.

The directors are ultimately responsible for the internal controls. Management enables the directors to meet their responsibilities in this regard. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial records and of the financial statements and to adequately safeguard, verify and maintain accountability for the Group's assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the Group's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Group, have occurred during the year and up to the date of this report. The directors have a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

The annual financial statements which appear on pages 43 to 135 were approved by the board of directors on 26 November 2009 and are signed on behalf of the board by:

H E Blanckenberg
Chairman

W A Hanekom
Managing Director

SECRETARIAL CERTIFICATION

In accordance with section 268G(d) of the Companies Act, Act 61 of 1973, as amended ("the Act"), it is hereby certified that the Company and its subsidiaries have lodged with the Registrar of Companies all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

T Naidoo
Company Secretary

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act, Act 61 of 1973, as amended (the "Act").

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit and risk committee charter. The audit and risk committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- Reviewed the interim, preliminary and abridged results and the year-end financial statements, culminating in a recommendation to the board to adopt it. In the course of its review the committee:
  - takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considers and, when appropriate, makes recommendations on internal financial controls;
  - deals with concerns or complaints relating to the following:
    accounting policies;
    internal audit;
    the auditing or content of annual financial statements; and
    internal financial controls.
- Reviewed the external audit reports on the annual financial statements;
- Confirmed the internal audit charter and audit plan;
- Ensured that risk management procedures are adequate
- Reviewed the internal audit and risk management reports, and where relevant, recommendations being made to the board;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors, nominated PricewaterhouseCoopers Inc. as the auditors for 2009 and noted the appointment of Mr Hugo Zeelie as the designated auditor;
- Approved the audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The audit and risk committee consists of the non-executive directors listed hereunder and meets at least three times per annum as per the audit and risk committee charter. All members act independently as described in section 269A of the Companies Act.

During the year under review four meetings were held:

Name of member	17 March 2009	19 May 2009	22 July 2009	25 November 2009
AH Sangqu (Chairman)	Present	Present	Present	Present
WA Agenbach	Apology*	Present	Present	Present
AE Jacobs	Present	Present	Present	Present
AC Singleton	Present	Present	Present	Present

* Apology offered in advance

INTERNAL AUDIT

The audit and risk committee fulfils an oversight role regarding the Group's financial statements and the reporting process, including the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the audit and risk committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

ATTENDANCE

The internal and external auditors, in their capacity as auditors to the Group, attended and reported to all meetings of the audit and risk committee. Executive directors and relevant senior managers attended meetings on invitation.

CONFIDENTIAL MEETINGS

Audit and risk committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review the audit and risk committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by JSE Listings Requirement 3.84(h), the audit and risk committee has satisfied itself that the financial director has appropriate expertise and experience.

AH Sangqu
Chairman: audit and risk committee
Paarl, 26 November 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIONEER FOOD GROUP LIMITED

We have audited the Group annual financial statements and annual financial statements of Pioneer Food Group Limited, which comprise the consolidated and separate balance sheets as at 30 September 2009, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 43 to 135.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 whether the 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 controls. 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Pioneer Food Group Limited as at 30 September 2009, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: H Zeelie
Registered Auditor
Paarl, 26 November 2009

DIRECTORS' REPORT
for the year ended 30 September 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Pioneer Food Group Limited and its subsidiaries are involved in the manufacturing of food, beverages and related products for human and animal consumption. The various segments are highlighted in the Operational Review on pages 14 to 21.

FINANCIAL RESULTS

The annual financial statements on pages 43 to 135 set out fully the financial position, results of operations and the cash flows for the year ended 30 September 2009. Further information is provided in the Financial Review on pages 22 to 24.

SHARE CAPITAL

The authorised share capital consists of 400,000,000 (2008: 400,000,000) ordinary shares of 10 cents each and 18,130,000 (2008: 18,130,000) class A ordinary shares of 10 cents each. At year-end 201,183,898 (2008: 201,183,898) ordinary shares and 11,397,190 (2008: 12,619,180) class A ordinary shares are in issue.

The movement in issued share capital is disclosed in note 21 to the annual financial statements. The Company issued Nil (2008: 20,000,000) ordinary shares. The 2008 ordinary share issue, of 20,000,000 ordinary shares, was at a premium of R24,90 through a rights offer.

There was no movement (2008: Nil) in the treasury shares held by a subsidiary. This subsidiary held 17,982,056 (2008: 17,982,056) ordinary shares at year-end.

The number of ordinary shares held by the share incentive trust at year-end is 6,758,105 (2008: 8,570,935). A net number of 1,812,830 (2008: 715,513) ordinary shares were sold by the share incentive trust for R13,880,913 (2008: R5,699,841). No ordinary shares were issued to the trust (2008: 415,384 shares were acquired by exercising rights as part of the rights offer).

The Company bought back and cancelled 1,221,990 (2008: 1,593,900) class A ordinary shares during the year at a premium of R1,43 (2008: R1,01) per share.

BORROWINGS

No new borrowings were obtained by Group companies, except for a foreign wholly-owned subsidiary that restructured its foreign borrowings.

For further detail of the borrowings obtained refer to notes 24 and 45 of the annual financial statements. For the carrying amounts of property, plant and equipment or inventories or trade and other receivables encumbered refer to notes 11, 17 and 19 of the annual financial statements respectively.

DIVIDENDS

A final dividend of R179,053,669 (2008: R132,781,373) has been declared, representing 89,0 (2008: 66,0) cents per share. The dividend is payable on 1 February 2010 to shareholders recorded as such in the share register of the Company on 29 January 2010 (the record date). The last date to trade cum dividend will be 22 January 2010.

The total dividend for the year, representing 125,0 (2008: 96,0) cents per ordinary share, is R251,479,873 (2008: R187,136,542).

SUBSIDIARIES AND JOINT VENTURES

The detail on interest in subsidiaries and loans to joint ventures are presented in note 46 to the annual financial statements. The interest of the holding company in the profits and losses of subsidiaries and joint ventures, after income tax expense and profit attributable to minority interest, is as follows:

	2009 R'000	2008 R'000
Subsidiaries		
Profits	607,502	469,173
Losses	(78,537)	(31,837)
Joint ventures		
Profits	32,846	22,684
Losses	(1,251)	(2,344)

DIRECTORS

The directors of the holding company, Pioneer Food Group Limited, are responsible for the activities and reports related to the Group. Full details of the directors appear on pages 8 to 9.

SPECIAL RESOLUTIONS PASSED

A special resolution was passed by Pioneer Foods Holdings Limited, a wholly-owned subsidiary of Pioneer Food Group Limited, to sell its total shareholding in the issued share capital of Sasguard Insurance Company Limited to Pioneer Foods (Pty) Limited, a wholly-owned subsidiary of Pioneer Foods Holdings Limited, for a consideration of R3 million with an effective date of 1 October 2009. This disposal is subject to the approval of the relevant regulatory authorities.

No other special resolutions were passed by any Group subsidiary.

LITIGATION STATEMENT

Refer to note 30 (contingent liabilities) of the annual financial statements for detail on the status of the Complaint referral by the Competition Commission of South Africa as well as the dispute with contract growers.

POST-BALANCE SHEET EVENTS

Other than the matters raised in note 43 to the annual financial statements, no other events occurred after the balance sheet date that may have a material effect on the Group.

1. Basis of preparation

The annual financial statements have been compiled on the historical cost basis, except where noted otherwise, in accordance with International Financial Reporting Standards (IFRS).

Accounting policies have been applied consistently with those of the previous year.

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 note 2.

Interpretations and amendment to published standards effective in 2009:
The following interpretations to existing standards are mandatory for accounting periods beginning on or after 1 October 2008:

IFRIC Interpretation 12 – Service Concession Arrangements
IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. This interpretation is not relevant to the Group's operations.

IFRIC Interpretation 13 – Customer Loyalty Programmes
IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points, free products or vouchers), the arrangement is a multiple element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. This interpretation did not have a significant impact on the Group's financial statements.

IFRIC Interpretation 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 14 provides general guidance on how to assess the limit in *IAS 19* on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. This interpretation did not have any impact on the Group's financial statements.

IFRIC Interpretation 16 – Hedges of a Net Investment in a Foreign Operation
IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation. It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is not relevant to the Group's operations.

Amendment to IAS 39 – Financial Instruments: Recognition and Measurement* and *IFRS 7 – Financial Instruments: Disclosures – Reclassification of Financial Assets
The amendments introduce the possibility of reclassifications for certain financial assets previously classified as 'held-for-trading' or 'available-for-sale' to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as 'at fair value through profit or loss' under the fair value option are not eligible for this reclassification. The amendment did not have an impact on the Group's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Group:
The following are published new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting periods beginning on or after 1 October 2009 or later periods, but which the Group has not early adopted voluntarily. (The effective dates stated below refer to periods beginning on or after the stated dates):

1. Basis of preparation (continued)

Improvements to IFRSs *(effective on or after 1 January 2009/on or after 1 July 2009/on or after 1 January 2010)*
This is a collection of amendments to IFRSs. These amendments are the result of conclusions the International Accounting Standards Board (IASB) reached on proposals made in its annual improvements project for 2008 and 2009. The annual improvements project provides a vehicle for making non-urgent, but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

Amendment to IFRS 2 – Share-based payments *(effective from 1 January 2009)*
An amendment to the current *IFRS 2* has been published which will be applicable to the Group for the year ending 30 September 2010. The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. It is not expected to have a material impact on the Group.

IFRS 3 – Business combinations *(effective from 1 July 2009)*
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at acquisition date with contingent payments classified as debt subsequently re-measured through the income statement. There is also a choice on an acquisition-by-acquisition basis to measure non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs should be expensed. The Group will apply *IFRS 3 (Revised)* prospectively to all business combinations from 1 October 2009.

Amendment to IFRS 7 – Financial instruments: Disclosures *(effective from 1 January 2009)*
The amendments were issued as part of the IASB's response to the global financial crisis. The amendments increase the disclosure requirements regarding fair value measurement and reinforces existing principles for disclosure regarding liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendments clarify and enhance existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The Group will apply the amendments from 1 October 2009.

IFRS 8 – Operating segments *(effective from 1 January 2009)*
IFRS 8 replaces *IAS 14* and aligns segment reporting with the requirements of the US standard *SFAS 131 – Disclosures about Segments of an Enterprise and Related Information*. The standard requires a management approach to reporting on financial performance of operating segments, but needs to be reconciled to IFRS amounts reported. The standard is effective for the Group from its 30 September 2010 year-end. The Group is in the process of implementing the standard.

IAS 1 – Presentation of financial statements – Revised *(effective from 1 January 2009)*
The changes made to *IAS 1* require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements. Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the start of the comparative period in addition to the current period and comparative period. The Group will comply with the disclosure amendments introduced by this standard.

IAS 23 - Borrowing Costs – Revised *(effective from 1 January 2009)*
The amendment to *IAS 23 - Borrowing Costs*, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of the asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply *IAS 23* prospectively as from 1 October 2009.

IAS 27 – Consolidated and separate financial statements – Revised *(effective from 1 July 2009)*
IAS 27 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply the changes prospectively from 1 October 2009.

1. Basis of preparation (continued)

Amendment to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of financial statements – Puttable Financial Instruments **and** ***Obligations Arising on Liquidation*** *(effective from 1 January 2009)*

The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required regarding the instruments affected by the amendments. The Group will apply the *IAS 32* and *IAS 1* amendments from 1 October 2009. It is not expected to have a material impact on the Group.

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement: Exposures Qualifying for Hedge Accounting *(effective 1 July 2009)*

The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will adopt these amendments in its financial year ending 30 September 2010.

IFRIC Interpretation 17 – Distribution of Non-cash Assets to Owners *(effective 1 July 2009)*

IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Group will adopt this interpretation in its financial year ending 30 September 2010.

The initial application of the above Standards or Interpretations in future financial periods are not expected to have a significant impact on the Group's reported results.

The following standards, interpretations and amendments will not affect the Group's reported results or financial position:

IFRS 1 – First-Time Adoption of International Financial Reporting Standards **and** ***IAS 27 – Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*** *(effective 1 January 2009)*

The amendment allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from *IAS 27* and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.

IFRIC Interpretation 15 – Agreements for the Construction of Real Estate *(effective 1 January 2009)*

IFRIC 15 addresses diversity in accounting for real estate sales. *IFRIC 15* clarifies how to determine whether an agreement is within the scope of *IAS 11 – Construction contracts* or *IAS 18 – Revenue* and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to *IAS 18*.

IFRIC Interpretation 18 – Transfers of Assets from Customers *(effective 1 July 2009)*

The standard, which will be applicable to the Group for the year ending 30 September 2010, clarifies the accounting treatment of agreements in which an entity receives an item of property, plant and equipment from a customer that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

AC 504 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment *(effective from 1 April 2009)*

The interpretation provides guidance on the application of *IFRIC 14 (AC 447)* in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of *IAS 19 (AC 116)*.

1. Basis of preparation (continued)

AC 503 – Accounting for Black Economic Empowerment Transactions – Revised *(effective from 1 January 2009)*

The Accounting Practices Committee has revisited *AC 503* in light of the amendments to *IFRS 2*. As a result of these amendments, paragraphs 18 to 25 and the related Illustrative Examples and Basis for Conclusions of *AC 503* have been revised to take into account the amended definition of vesting conditions and the accounting treatment of non-vesting conditions.

Amendments to IFRIC 9 – Reassessment of Embedded Derivatives **and** ***IAS 39 – Financial Instruments: Recognition and Measurement*** *(effective from 1 July 2009)*

The amendments clarify that if an asset is reclassified under the amendment to *IAS 39* and *IFRS 7* it must be assessed for embedded derivatives at the date of reclassification. In addition, a contract that includes an embedded derivative that cannot be separately measured, is prohibited from being reclassified out of the 'at fair value through profit or loss' category.

Amendments to IFRS 2 – Group cash-settled share-based payment transactions *(effective from 1 January 2010)*

The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the Group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

Use of adjusted measures

The measure explained below (items of a capital nature) is presented as management believes it to be relevant to the understanding of the Group's financial performance. These measures are used for internal performance analysis and provide additional useful information on underlying trends to equity holders. These measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

Items of a capital nature

Income or expenditure of a capital nature on the face of the income statement, being all income statement items of a capital nature are excluded in the calculation of headline earnings per share. The principal items that will be included under this measurement are: gains and losses on disposal and scrapping of property, plant and equipment, intangible assets and assets held-for-sale; impairments or reversal of impairments; any non-trading items such as gains and losses on disposal of available-for-sale financial assets, operations and subsidiaries.

2. Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The consolidated annual financial statements include those of the Company and all its subsidiaries. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the net assets acquired in the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Subsidiaries are excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with the view to its subsequent disposal in the next 12 months.

2. Basis of consolidation (continued)

Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated and considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries are recorded at cost in the Company's separate financial statements.

Treasury shares

The cost of treasury shares is presented as a deduction from equity. Shares under option already allocated to staff and unallocated shares are considered as treasury shares and are consolidated as such as part of the Group's results.

Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant interest acquired in the carrying value of net assets of the subsidiary is deducted from equity. Differences between the proceeds received and the relevant share of minority interests, for disposals to minority interests, are also recorded in equity.

Joint ventures

The Group's interest in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group financial statements. The Group recognises the portion of gains and losses on the sale of assets by the Group to the joint venture to the extent that it is attributable to other venturers. The Group does not recognise the share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. Property, plant and equipment

Land and buildings comprise mainly of factories, depots, warehouses, offices and silos. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which it is incurred.

Land is not depreciated. Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

The expected useful lives are as follows:

* Buildings	10 – 25 years
* Poultry houses	25 years
* Plant, machinery and equipment	3 – 30 years
* Vehicles	3 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts. These are included in the income statement.

4. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill arising from business combinations is included in 'intangible assets' whereas goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance.

The excess of the purchase price over the carrying amount of minority interest, when the Group increases its interest in an existing subsidiary, is recognised in equity. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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.

Trademarks and intellectual property

Trademarks and intellectual property are shown at historical cost. Subsequently these intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intellectual property has finite useful lives. The useful lives of trademarks are either finite or indefinite.

Intellectual property and trademarks with finite useful lives are amortised over their useful lives and assessed for impairment when there is an indication that the assets may be impaired. Amortisation is calculated using the straight-line method over these intangible assets' estimated useful lives of between 5 to 25 years.

Certain trademarks have been assessed to have indefinite useful lives, as presently there is no foreseeable limit to the period over which the assets can be expected to generate cash flows for the Group. Trademarks with indefinite useful lives are not amortised, but tested annually for impairment, either on an individual basis or as part of a cash-generating unit. The useful lives of these intangible assets are reviewed at the end of each period to determine whether events and circumstances continue to support an indefinite useful life assessment for those trademarks.

4. Intangible assets (continued)

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of between 2 to 5 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to 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 when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;
– management intends to complete the software product and use or sell it;
– there is an ability to use or sell the software product;
– it can be demonstrated how the software product will generate probable future economic benefits;
– adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives of between 1 to 5 years.

5. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

6. Financial assets

6.1 Classification

The Group classifies its financial assets in the following categories:

– at fair value through profit or loss
– loans and receivables
– available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. The Group's financial instruments at fair value through profit or loss comprise of "derivative financial instruments".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise of "trade and other receivables", "loans to joint ventures" and "cash and cash equivalents" in the balance sheet.

6. Financial assets (continued)

6.1 Classification (continued)

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 balance sheet date.

6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement in the period in which they arise.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are presented in the statement of changes in equity in the period in which they arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'items of a capital nature'. Dividend income from available-for-sale equity instruments is recognised in the income statement as part of investment income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6.3 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement. Impairment testing on trade receivables is described in note 9 of the Accounting Policy.

7. Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which it arises. All costs incurred in maintaining the assets are included in profit or loss for the period in which it arises.

Fair values of livestock held for breeding, lay-hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

Fair value of vineyards is calculated as the future expected net cash flows from the asset, discounted at a current market-determined rate, over the remaining useful life of the vineyards.

8. Inventories

Inventory is valued at the lower of cost or net realisable value. Cost in each category is determined as follows:

- Raw material at actual cost on a weighted average cost basis.
- Own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads, on a weighted average cost basis.
- Consumable and trading stock at actual cost on a weighted average cost basis.
- Eggs purchased and pulp are valued at actual cost on a weighted average cost basis.

The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials.

9. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. 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 receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within 'other operating expenses'. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in the income statement. Subsequent recoveries of amounts previously written off, are credited against 'other operating expenses' in the income statement.

10. 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 six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

11. 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 income tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

12. 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 the income statement over the period of the borrowings using the effective interest rate 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 balance sheet date.

13. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

14. Trade payables

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

15. Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the income tax is also recognised in equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

16. Secondary taxation on companies

South African resident companies are subject to a dual corporate tax system. One part of the tax being levied on taxable income and the other, secondary tax on companies (STC), on distributed income. A company incurs a STC charge on the declaration or deemed declaration of dividends, as defined in the Income Tax Act, to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable on the net amount at the current STC rate. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received, is carried forward to the next dividend cycle as a STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that dividends will be declared against which the unutilised STC credits will be utilised.

17. 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, estimated returns, rebates and discounts and after elimination of sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sale of goods

Sale of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured. No element of financing is deemed present as sales are made within credit terms which are consistent with market practice.

Sale of services

Sale of services are recognised in the accounting period in which the services are rendered, by reference to the completion of services provided as a proportion of the total services to be provided.

18. Recognition of interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest on impaired loans is recognised using the original effective interest rate.

19. Recognition of dividend income

Dividend income is recognised when the right to receive payment is established.

20. Research and development expenditure

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised, from the point at which the asset is ready for use, on a straight-line basis over its useful life, not exceeding 5 years.

21. Foreign currency transactions

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 that entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rand, which is the Group's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

21. Foreign currency transactions (continued)

Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of South African Rand are translated into South African Rand as follows:

– assets and liabilities for each balance sheet presented (including comparatives) are translated at the closing rate at the date of that balance sheet;
– income and expenditure for each income statement are translated at 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 expenditure are translated at the dates of the transactions); and
– all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity on consolidation. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

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.

22. Accounting for leases: Group company is the lessee

Finance leases

Leases of property, plant and equipment, where the Group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the capital balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease contracts, are depreciated over the shorter of the lease term or the useful life of the assets.

Operating leases

Leases of assets under which a significant portion of the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, is recognised as an expense in the period in which termination takes place.

23. Accounting for leases: Group company is the lessor

Operating leases

Operating lease assets are included in property, plant and equipment in the balance sheet. These assets are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease.

24. Employee benefits

Retirement scheme arrangements

The policy of the Group is to provide retirement benefits for all its employees in the form of a defined contribution plan. A defined contribution plan is a retirement scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the retirement benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-retirement medical benefits

The Group provides post-retirement medical benefits to some employees, some employed prior to 31 December 1994 and others prior to 31 March 1997, by way of a percentual contribution to their monthly costs. Such benefits are not available to employees employed after these dates. Provision is made for the total accrued past service cost.

Independent actuaries annually determine the accumulated post-retirement medical aid obligation and the annual cost of these benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are recognised in the income statement over the expected remaining working life of the related existing employees, if such gains and losses exceed the closing balance of the prior year provision by more than 10%. Actuarial gains and losses relating to former employees are recognised immediately in profit or loss.

Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or share appreciation rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or share appreciation rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options or share appreciation rights that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options or share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options or share appreciation rights are exercised.

Broad-based employee share scheme

The Group introduced a broad-based employee share scheme for all employees, other than management qualifying for the share-based compensation plan. The share scheme is accounted for as a cash-settled share-based payment. In terms of the scheme employees received class A ordinary shares with full voting rights and limited dividend rights until such time as a notional debt has been repaid. Once the notional debt has been repaid, class A ordinary shares will have all the rights similar to ordinary shares.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the *Actuarial Binomial Pricing Option Model*, taking into account the terms and conditions upon which the instruments were granted. Refer to note 22.2 for further detail. The fair value of the employee services received in exchange for the issue of class A ordinary shares is recognised as an expense over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the income statement.

24. Employee benefits (continued)

Other long-term employee benefits

The Group provides for long-service awards that accrue to employees. Independent actuaries calculate the liability recognised in the balance sheet in respect of long-service awards annually. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised immediately in the income statement.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

25. Derivative financial instruments and hedging activities

Derivative financial instruments are mainly used to manage operational exposure to interest rate, foreign exchange and commodity price risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their 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. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. Refer to note 49 for more detail on movements in the hedging reserve. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting to hedge changes in the fair value of fixed price commodity purchase commitments, due to changes in the forward price in the market of the related commodity.

Cash flow hedges

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges, are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

25. Derivative financial instruments and hedging activities (continued)

Cash flow hedges (continued)

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment. The gain or loss relating to the effective portion of interest rate swaps and interest rate collar agreements hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other income' or 'other operating expenses'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised in the income statement when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred immediately to the income statement.

Embedded derivatives

Embedded derivatives are derivative instruments that are embedded in another contract or host contract. The Group separates an embedded derivative from its host contract and accounts for it separately, when its economic characteristics are not clearly and closely related to those of the host contract. These separated embedded derivatives are classified as trading assets or liabilities and marked to market through the income statement, provided that the combined contract is not measured at fair value with changes through the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within 'other income' or 'other operating expenses'.

26. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

27. Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

28. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

29. Borrowing costs

Borrowing costs are expensed in the income statement during the period in which it is incurred.

INCOME STATEMENT
for the year ended 30 September 2009

		GROUP	
	Notes	2009 R'000	2008 R'000
Revenue		**16 283 914**	14 884 376
Cost of goods sold		**(11 732 874)**	(11 003 343)
Gross profit		**4 551 040**	3 881 033
Other income		**105 538**	111 813
Biological assets fair value adjustments	3	**179 910**	69 607
Distribution costs		**(1 264 039)**	(1 204 075)
Administrative expenses		**(311 584)**	(290 090)
Other operating expenses		**(2 100 859)**	(1 703 230)
Items of a capital nature	4	**(68 022)**	(19 369)
Operating profit	3	**1 091 984**	845 689
Investment income	5	**28 715**	31 472
Finance costs	6	**(224 554)**	(250 786)
Profit from associated companies		**439**	718
Profit before income tax		**896 584**	627 093
Income tax expense	7	**(334 915)**	(174 408)
Profit for the year		**561 669**	452 685
Attributable to:			
Equity holders of the Group		**560 519**	452 146
Minority interest		**1 150**	539
		561 669	452 685
Earnings per ordinary share (cents)	8	**320.8**	282.3
Diluted earnings per ordinary share (cents)	8	**315.7**	275.5
Dividend per ordinary share (cents)	9	**125.0**	96.0

BALANCE SHEET
as at 30 September 2009

	Notes	GROUP 2009 R'000	GROUP 2008 R'000
ASSETS			
Non-current assets		3 851 292	3 744 186
Property, plant and equipment	11	3 098 669	2 942 686
Intangible assets	12	648 909	679 515
Biological assets	13	14 004	11 937
Loans to joint ventures	14	35 466	29 869
Investment in associates	15	2 929	2 490
Available-for-sale financial assets	16	31 728	29 190
Trade and other receivables	19	16 930	12 294
Deferred income tax assets	25	2 657	36 205
Current assets		4 250 232	4 297 003
Inventories	17	1 950 316	2 184 134
Biological assets	13	151 732	143 366
Derivative financial instruments	18	114	13 717
Trade and other receivables	19	1 537 834	1 690 836
Current income tax assets		12 707	39 219
Cash and cash equivalents	20	597 529	225 731
Total Assets		8 101 524	8 041 189
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Group		4 627 960	4 256 732
Share capital	21	20 118	20 118
Share premium		1 215 640	1 216 258
Treasury shares		(246 490)	(259 959)
Other reserves	23	(7 066)	16 547
Retained earnings		3 645 758	3 263 768
Minority interest		5 792	6 073
Total Equity		4 633 752	4 262 805
Non-current liabilities		1 753 626	1 758 797
Borrowings	24	1 096 560	1 181 311
Derivative financial instruments	18	26 430	37 393
Deferred income tax liabilities	25	491 215	442 376
Provisions for other liabilities and charges	26	82 314	78 293
Share-based payment liability	27	57 107	19 424
Current liabilities		1 714 146	2 019 587
Trade and other payables	28	1 494 133	1 485 371
Current income tax liabilities		5 167	18 380
Borrowings	24	161 092	499 338
Derivative financial instruments	18	53 607	16 275
Dividends payable		147	223
Total Liabilities		3 467 772	3 778 384
Total Equity and Liabilities		8 101 524	8 041 189

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2009

	GROUP						
	Share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Minority interest R'000	Total R'000
Balance as at 1 October 2008	20 118	1 216 258	(259 959)	16 547	3 263 768	6 073	4 262 805
Net income/(expenses) recognised directly in equity	–	–	–	(33 614)	(462)	–	(34 076)
Cash flow hedging							
Transfer to net profit of fair value losses of previous year	–	–	–	28 241	–	–	28 241
Transfer to net profit of current income tax on fair value losses of previous year	–	–	–	(10 940)	–	–	(10 940)
Fair value adjustments at year-end	–	–	–	(41 009)	–	–	(41 009)
Current income tax on fair value adjustments	–	–	–	4 866	–	–	4 866
Deferred income tax on fair value adjustments	–	–	–	9 648	–	–	9 648
Deferred income tax on share-based payments	–	–	–	516	–	–	516
Fair value adjustment on available-for-sale financial assets	–	–	–	(479)	–	–	(479)
Deferred income tax on fair value adjustment of available-for-sale financial assets	–	–	–	316	–	–	316
Currency translation differences	–	–	–	(25 235)	–	–	(25 235)
Statutory transfer	–	–	–	462	(462)	–	–
Profit for the year	–	–	–	–	560 519	1 150	561 669
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(618)	–	–	–	–	(618)
Disposal of shares of management share incentive scheme	–	–	–	–	412	–	412
Dividends paid	–	–	–	–	(178 750)	–	(178 750)
Employee share scheme – stamp duty on share transactions	–	–	–	–	(81)	–	(81)
Minority interest acquired	–	–	–	–	352	(1 431)	(1 079)
Recognition of share-based payments: management scheme	–	–	–	5 090	–	–	5 090
Recognition of share-based payments: share appreciation rights	–	–	–	4 911	–	–	4 911
Movement of ordinary shares on share incentive trusts	–	–	13 469	–	–	–	13 469
Balance as at 30 September 2009	20 118	1 215 640	(246 490)	(7 066)	3 645 758	5 792	4 633 752

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2009 (continued)

	GROUP						
	Share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Minority interest R'000	Total R'000
Balance as at 1 October 2007	18 118	734 358	(249 555)	149 370	2 956 930	5 784	3 615 005
Net income/(expenses) recognised directly in equity	–	–	–	(111 847)	(860)	–	(112 707)
Cash flow hedging							
Transfer to net profit of fair value gains of previous year	–	–	–	(86 795)	–	–	(86 795)
Transfer to net profit of current income tax on fair value gains of previous year	–	–	–	29 428	–	–	29 428
Fair value adjustments at year-end	–	–	–	(75 492)	–	–	(75 492)
Current income tax on fair value adjustments	–	–	–	10 940	–	–	10 940
Deferred income tax rate change	–	–	–	(147)	–	–	(147)
Deferred income tax on fair value adjustments	–	–	–	6 088	–	–	6 088
Fair value adjustment on available-for-sale financial assets	–	–	–	(7 579)	–	–	(7 579)
Deferred income tax on fair value adjustment of available-for-sale financial assets	–	–	–	930	–	–	930
Deferred income tax on fair value adjustment of available-for-sale financial assets rate change	–	–	–	110	–	–	110
Currency translation differences	–	–	–	9 810	–	–	9 810
Statutory transfer	–	–	–	860	(860)	–	–
Profit for the year	–	–	–	–	452 146	539	452 685
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(1 767)	–	–	–	–	(1 767)
Disposal of shares of management share incentive scheme	–	–	–	–	4 261	–	4 261
Dividends paid	–	–	–	–	(148 596)	–	(148 596)
Dividend paid to minority	–	–	–	–	–	(250)	(250)
Employee share scheme – stamp duty on share transactions	–	–	–	–	(113)	–	(113)
Recognition of share-based payments: management scheme	–	–	–	5 066	–	–	5 066
Recognition of share-based payments: share appreciation rights	–	–	–	2 122	–	–	2 122
Transfer to share-based payment liability	–	–	–	(28 164)	–	–	(28 164)
Ordinary shares rights issue	2 000	498 000	–	–	–	–	500 000
Cost on ordinary shares rights issue	–	(14 333)	–	–	–	–	(14 333)
Movement of ordinary shares on share incentive trusts	–	–	(10 404)	–	–	–	(10 404)
Balance as at 30 September 2008	20 118	1 216 258	(259 959)	16 547	3 263 768	6 073	4 262 805

CASH FLOW STATEMENT
for the year ended 30 September 2009

	Notes	GROUP 2009 R'000	GROUP 2008 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		1 653 636	311 691
Net cash profit from operating activities	35	1 509 743	1 141 732
Working capital changes	36	356 552	(511 167)
Cash effect from hedging activities		21 691	(140 545)
Net cash generated from operations		1 887 986	490 020
Income tax paid	38	(234 350)	(178 329)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(464 963)	(648 855)
Additions to property, plant and equipment		(271 877)	(420 152)
Replacements of property, plant and equipment		(165 212)	(211 211)
Additions to intangible assets		(28 537)	(16 405)
Proceeds on disposal of property, plant, equipment and intangible assets	39	18 194	25 121
Proceeds on disposal of available-for-sale financial assets	40	5 739	3 090
Additional interest acquired in existing subsidiaries		(1 079)	–
Business combinations	41	(33 593)	(35 200)
Loans granted to joint ventures		(5 597)	(16 682)
Investment in available-for-sale financial assets and associates		(7 080)	(3 790)
Loans granted to other parties		(4 636)	(5 098)
Interest received		26 973	30 473
Dividends received		1 742	999
NET CASH FLOW FROM FINANCING ACTIVITIES		(517 577)	1 140 901
(Repayments of)/proceeds from borrowings		(123 699)	1 066 633
Proceeds from issue of ordinary shares		–	485 667
Treasury shares – share incentive trusts		13 469	(10 404)
Employee share scheme – stamp duty on share transactions		(81)	(113)
Disposal of management share incentive scheme shares		412	4 261
Employees share scheme – repurchase of class A ordinary shares from leavers		(618)	(1 767)
Interest paid		(224 554)	(250 786)
Dividends paid to Group ordinary shareholders	37	(178 826)	(148 679)
Dividends paid to class A ordinary shareholders	27	(3 680)	(3 911)
Net cash and short-term borrowings from business combinations		–	2 822
Net increase in cash, cash equivalents and bank overdrafts		671 096	806 559
Net cash, cash equivalents and bank overdrafts at beginning of year		(78 980)	(885 539)
Net cash, cash equivalents and bank overdrafts at end of year	20	592 116	(78 980)

		GROUP	
		2009 R'000	2008 R'000

1. Accounting policies

The principal accounting policies incorporated in the preparation of these financial statements are set out on pages 45 to 59.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key assumptions and critical judgements

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy for goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 12 for key assumptions used.

Provisions for post-retirement medical benefits and long service awards

These provisions are determined by annual actuarial calculations. Refer to note 26 for estimates used in these calculations.

Property, plant and equipment

These items are depreciated over their useful lives, taking into account the residual value at the end of the item's useful life. Residual values and useful lives are based on industry knowledge and past experience with similar assets.

Intangible assets with finite useful lives

These items are amortised over their useful lives that are based on industry knowledge and past experience with similar assets.

Intangible assets with indefinite useful lives

Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the Group expects to consume the future economic benefits embodied in the intangible asset. In making this assessment, management follows the guidance in *IAS 38*. The Group has classified a number of its trademarks as indefinite life, as indicated in note 12, by considering amongst other factors these brands' history, current market share, brand development strategy and expected future benefits to be derived from these assets.

Share-based payments

The fair value of employee services received in exchange for the grant of options or class A ordinary shares is determined by reference to the fair value of the options granted and the shares issued. Refer to note 22 for assumptions used in these calculations.

		GROUP	
		2009 R'000	2008 R'000
2.	**Critical accounting estimates and judgements (continued)**		
	Assessment of control over contract growers The Group assesses whether it exercises control over contract growers based on an analysis of the activities of these entities, the Group's decision-making powers, its ability to obtain benefits from these entities and the residual risks regarding these entities that are retained by the Group. Based on this analysis the Group concluded that it does not control the activities of any contract grower.		
	Contingent liabilities – Complaint referral by the Competition Commission of South Africa Based on legal opinion obtained, the Group determined that the complaint referral by the Competition Commission as described in note 30 is a contingent liability and no provision was raised. The Group considers the guidance in *IAS 37* to distinguish between provisions and contingent liabilities.		
3.	**Operating profit**		
	Operating profit is calculated after taking into account items of a capital nature (refer to note 4) as well as the following:		
3.1	***Operating income***		
	Foreign exchange differences	**60 378**	61 315
	Financial assets at fair value through profit and loss		
	Foreign exchange contract fair value adjustments	**60 290**	32 345
	Fair value adjustment on interest rate swaps	**35**	1 263
	Fair value adjustment on interest rate collars	**405**	1 312
	Ineffective portion of cash flow hedges – futures	**8 098**	1 944
	Agricultural produce fair value adjustment	**30**	168
	Administration fees received	**1 106**	1 447
	Government grant amortisation	**739**	545
	Reversal of inventory previously written off	**10 161**	347
	Share-based payments Broad-based share incentive scheme	**–**	4 829

	GROUP	
	2009 R'000	2008 R'000
3. Operating profit (continued)		
3.2 Operating expenditure		
Staff costs	**1 999 334**	1 741 256
Wages and salaries	**1 731 074**	1 526 210
Termination benefits	**4 608**	3 515
Other personnel costs	**97 588**	110 073
Pension costs	**114 700**	99 099
Share-based payments	**51 364**	2 359
Technical services from non-employees	**25 169**	30 315
Auditors' remuneration	**11 409**	11 375
Audit – current year	**9 403**	9 057
– (over)/under provision previous year	**(30)**	434
Tax related services	**180**	729
Other consultation services	**1 856**	1 155
Machine rental	**22 477**	21 938
Rental of vehicles	**7 726**	7 864
Rental of premises	**87 691**	76 192
Depreciation and amortisation (refer to note 48)	**269 086**	252 259
Own assets	**249 333**	232 887
Leased assets	**87**	95
Intangible assets	**19 666**	19 277
Inventory written off	**191 977**	114 887
Post-retirement medical benefits (refer to note 26)	**116**	952
Change in provision for impairment of trade receivables	**2 533**	1 302
Change in allowance for outstanding credit notes	**1 528**	11 417
Foreign exchange differences	**60 341**	37 399
Financial assets at fair value through profit and loss		
Foreign exchange contract fair value adjustments	**64 340**	53 653
Fair value adjustment on interest rate collars	**8 869**	–
Research and development costs	**24 480**	19 008
Administration fees paid	**398**	208
Share-based payments	**51 364**	7 188
Broad-based share incentive scheme	**41 363**	–
Share options	**5 090**	5 066
Share appreciation rights	**4 911**	2 122

3.3 Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the balance sheet and the realised portion is reflected in cost of sales.

	2009 R'000	2008 R'000
Unrealised – reflected in carrying amount of biological assets	**9 565**	12 478
Realised – reflected in cost of goods sold	**170 345**	57 129
	179 910	69 607

		GROUP	
		2009 R'000	2008 R'000
4.	**Items of a capital nature**		
	Net (loss)/profit on disposal of property, plant, equipment and intangible assets	(11 014)	3 323
	Gross	(16 346)	1 670
	Tax effect	5 332	1 653
	Net profit on disposal of available-for-sale-financial assets	1 512	1 057
	Gross	1 676	1 239
	Tax effect	(164)	(182)
	Impairment of property, plant and equipment	(6 272)	(1 978)
	Gross	(8 711)	(2 747)
	Tax effect	2 439	769
	Impairment of trademarks	–	(2 660)
	Gross	–	(3 694)
	Tax effect	–	1 034
	Impairment of goodwill	(44 641)	(15 837)
	Gross	(44 641)	(15 837)
	Tax effect	–	–
	Group total	(60 415)	(16 095)
	Gross	(68 022)	(19 369)
	Tax effect	7 607	3 274
5.	**Investment income**		
	Interest income on financial assets: loans and receivables	26 973	30 473
	Joint ventures	4 438	4 565
	Amortised cost adjustment	692	1 351
	Call accounts and other	21 843	24 557
	Dividend income on available-for-sale financial assets	1 742	999
	Listed shares	1 105	878
	Unlisted shares	637	121
		28 715	31 472
6.	**Finance costs**		
	Interest cost on financial liabilities measured at amortised cost		
	Joint ventures	321	186
	Non-current borrowings	147 675	61 962
	Provisions: unwinding of discount	7 770	6 758
	Call loans and bank overdrafts	47 548	181 880
	Fair value loss on financial liabilities measured at fair value through profit or loss		
	Interest rate swaps: transfers from equity	21 240	–
		224 554	250 786

	GROUP	
	2009 R'000	2008 R'000
7. Income tax expense		
Current income tax	**222 755**	135 872
Current year	**222 709**	135 923
Under/(over) provision previous years	**46**	(51)
Deferred income tax	**93 340**	22 913
Current year	**93 340**	36 325
Rate change	**–**	(13 412)
Secondary taxation on companies	**18 820**	15 623
Current year	**18 820**	15 623
	334 915	174 408
The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory rate of 28% (2008: 28%) as follows:		
	%	%
Standard rate for companies	**28.0**	28.0
Increase/(decrease) in rate:		
Exempt income	**(0.1)**	(0.1)
Effect of assessed losses	**1.0**	0.1
Secondary taxation on companies	**2.1**	2.5
Non-deductible expenditure	**3.5**	1.7
Rate change	**–**	(2.1)
Effect of capital gains tax	**(0.2)**	(0.3)
Other differences	**(0.7)**	(2.0)
Deferred income tax asset derecognised	**3.8**	–
Effective rate	**37.4**	27.8
	R'000	R'000
Gross calculated tax losses of certain subsidiaries at the end of the financial year available for utilisation against future taxable income of those companies	**283 740**	267 938
Less: Utilised in reduction of deferred income tax	**(79 135)**	(204 625)
Net calculated tax losses carried forward	**204 605**	63 313
Tax relief at current tax rates	**57 289**	18 869

Utilisation of tax losses is dependent on sufficient taxable income being earned in the future by the subsidiaries concerned.

		GROUP	
		2009 Number	2008 Number
8.	**Earnings per ordinary share**		
	Basic		
	The calculation of earnings per ordinary share is based on earnings attributable to equity holders of the Group of R560,519,314 (2008: R452,145,518) and 174,706,624 (2008: 160,160,357) weighted average ordinary shares in issue during the year.		
	Diluted		
	Share options and appreciation rights issued in terms of share incentive schemes have a dilutive effect on earnings per ordinary share. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options as well as share appreciation rights. The calculation of diluted earnings per ordinary share is based on earnings attributable to equity holders of the Group of R560,519,314 (2008: R452,145,518) and 177,534,380 (2008: 164,144,864) weighted average ordinary shares in issue during the year.		
	Reconciliation of weighted average ordinary shares in issue during the year:		
	Weighted average ordinary shares	**174 706 624**	160 160 357
	Adjusted for share options and appreciation rights	**2 827 756**	3 984 507
	Weighted average ordinary shares for diluted earnings	**177 534 380**	164 144 864
		R'000	R'000
	Reconciliation between earnings and headline earnings		
	(Adjustments are after income tax and minority interest)		
	Earnings attributable to equity holders of the Group	**560 519**	452 146
	Items of a capital nature (refer to note 4)	**60 415**	16 095
	Headline earnings	**620 934**	468 241
	Headline earnings per ordinary share (cents)	**355.4**	292.4
	Diluted earnings per ordinary share (cents)	**315.7**	275.5
9.	**Dividend per ordinary share**		
	Interim		
	36,0 cents (2008: 30,0 cents) per ordinary share	**72 426**	54 355
	Final		
	89,0 cents (2008: 66,0 cents) per ordinary share	**179 054**	132 781
		251 480	187 136

Dividends payable are not accounted for until they have been declared by the board of directors. The statement of changes in equity does not reflect the final dividend payable. The final dividend for the year ended 30 September 2009 will be accounted for as an appropriation of retained earnings in the year ending 30 September 2010. Secondary taxation on companies (STC) will be applicable to the dividend paid at a rate of 10,0%.

	GROUP 2009 R'000	GROUP 2008 R'000
10. Directors' remuneration		
Non-executive directors		
Fees	2 168	1 914
Executive directors paid by subsidiaries	19 199	10 101
Salaries	9 985	9 028
Retirement benefits	1 044	1 073
Performance bonuses	8 170	–
Annual remuneration	21 367	12 015
Profit from share incentive scheme	8 232	3 127
Total remuneration	29 599	15 142
Paid by subsidiaries	(19 199)	(10 101)
Non-cash profit from share incentive scheme	(8 232)	(3 127)
Paid by the Company	2 168	1 914

Refer to note 52 for further detail.

	Number '000	Number '000
Executive directors' share incentive scheme		
Beginning of the year	2 278	2 134
Redeemed	(404)	(160)
New offer at R25,48 per share (share appreciation rights)	–	154
New offer at R24,20 per share (share appreciation rights)	132	–
Rights offer at R25,00 per share	–	150
End of the year	2 006	2 278
At R8,65 per share, exercisable up to 27 May 2014	1 058	1 462
At R14,05 per share, exercisable up to 24 December 2014	228	228
At R21,86 per share, exercisable up to 25 January 2016	171	171
At R31,42 per share, exercisable up to 12 February 2017	113	113
At R25,00 per share, payable by 27 May 2014 (originating from rights offer)	150	150
At R25,48 per share, exercisable up to 9 June 2018 (share appreciation rights)	154	154
At R24,20 per share, exercisable up to 27 February 2019 (share appreciation rights)	132	–
Shares under option and share appreciation rights	2 006	2 278

Refer to note 54 for further detail.

	GROUP	
	2009 R'000	2008 R'000
11. Property, plant and equipment		
Land and buildings	**967 550**	833 589
Plant, machinery and equipment	**1 859 775**	1 821 240
Vehicles	**271 344**	287 857
Net book value	**3 098 669**	2 942 686
Property, plant and equipment include items leased by the Group to third parties under operating leases with the following carrying amounts:		
Cost		
As at beginning of the year	**68 519**	66 953
Additions and transfers	**21 470**	3 632
Disposals	**(1 687)**	(2 066)
	88 302	68 519
Accumulated depreciation		
As at beginning of the year	**24 926**	22 519
Charge for the year	**4 122**	3 099
Transfers	**3 475**	(582)
Disposals	**(943)**	(110)
	31 580	24 926
Net book value	**56 722**	43 593

Refer to note 48 for further detail.

Property, plant and equipment in the course of construction amounts to R105,899,421 (2008: R116,975,674).

A register with full detail of property, plant and equipment is available at the Company's registered office.

Refer to note 24 for detail of property, plant and equipment encumbered as security for borrowings from financial institutions.

Leased assets with a book value of Rnil (2008: R1,309,601) serve as security for capitalised lease agreements.

No major change in the nature of property, plant and equipment or change in the policy regarding the use thereof took place during the financial year.

		GROUP	
		2009 R'000	2008 R'000
12.	**Intangible assets**		
	Trademarks	**364 847**	367 043
	Goodwill	**222 625**	269 559
	Intellectual property	**17 104**	16 245
	Computer software	**44 333**	26 668
	Net book value	**648 909**	679 515
	Refer to note 48 for further detail.		
	Included in trademarks are the following trademarks with their carrying values and remaining amortisation periods:		
	Ceres trademarks – indefinite life (2008: indefinite life)	**121 654**	121 654
	Moir's – indefinite life (2008: indefinite life)	**55 741**	55 741
	Marmite – indefinite life (2008: indefinite life)	**33 288**	33 288
	Bovril – indefinite life (2008: indefinite life)	**33 886**	33 886
	Pecks – indefinite life (2008: indefinite life)	**19 245**	19 245
	Redro – indefinite life (2008: indefinite life)	**14 239**	14 239
	Smash – indefinite life (2008: indefinite life)	**21 506**	21 506
	Maizena – indefinite life (2008: indefinite life)	**18 820**	18 820
	Wild Island – indefinite life (2008: indefinite life)	**17 144**	17 144
	W Daly and W Daly & Sons – 20 years (2008: 21 years)	**8 172**	8 570
	ProNutro – indefinite life (2008: indefinite life)	**3 450**	3 450
	Nature's Source – indefinite life (2008: indefinite life)	**2 650**	2 650
	Tower – indefinite life (2008: indefinite life)	**2 116**	2 116
	Other – nil to 17 years (2008: nil to 18 years)	**12 936**	14 734
		364 847	367 043
	Impairment test for goodwill		
	Goodwill acquired in a business combination is allocated, at acquisition, to the Group's cash-generating units (CGU's) that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows:		
	Sasko	**3 597**	3 564
	Agri Business	**–**	–
	Bokomo Foods	**162 633**	209 600
	Ceres Beverages	**56 395**	56 395
		222 625	269 559

		GROUP	
		2009 R'000	2008 R'000
12.	**Intangible assets (continued)**		

Impairment test for goodwill (continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management, covering a 5-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the food industry in which the CGU operates.

The Group re-assessed and adjusted the carrying values of the underlying intangible assets of the Moir's and Kwality businesses with amounts of R44,641,298 (2008: R14,386,742) and Rnil (2008: R5,905,895) respectively. These impairment losses were calculated by comparing the carrying amount of the CGU to the value-in-use of these CGU's.

Key assumptions used for value-in-use calculations:

Growth rates from 0,0% to 5,4% (2008: 5,0% to 6,0%)

Discount rates from 12,7% to 24,4% (2008: 16,5% to 21,3%)

These assumptions have been used for the analysis of each CGU within the business segment. Management determined the budgeted gross margins based on past performance and its expectations for market development. The growth rate used represents the long-term growth rate based on a medium-term outlook on forecasted inflation rates. The discount rate represents a pre-tax rate based on the Group's weighted average cost of capital.

		2009 R'000	2008 R'000
13.	**Biological assets**		
	Vineyards	**14 004**	11 599
	Livestock – cattle	**–**	338
	Livestock – poultry	**151 732**	143 366
		165 736	155 303
	Less: Realisable within 12 months, transferred to current assets	**(151 732)**	(143 366)
		14 004	11 937

	GROUP	
	2009 Number	2008 Number
13. Biological assets (continued)		
The Group is engaged in dried fruit and poultry production for supply to various customers. Poultry includes point-of-lay hens, day-old chicks, broilers and eggs.		
The fair value of vineyards is calculated as the future expected net cash flows from the asset, discounted at a current market-determined rate, over the remaining useful lives of the vineyards. A discount rate of 16,0% (2008: 16,5%) was used.		
At 30 September, the Group held the following biological assets:		
Chickens – laying	**3 736 009**	3 634 984
Chickens – broilers	**3 401 223**	3 918 991
Chickens – grand parents	**5 666**	5 604
Hatching eggs	**6 875 159**	5 324 294
Vineyards – hectares	**118**	118
Land (vegetables) – hectares	**34**	34
Cattle	**–**	100
The following is the agricultural produce of the Group for the year ended 30 September:		
Dozens of eggs	**35 465 954**	29 920 069
Kilograms of meat	**52 193 386**	52 013 601
Number of day-old chicks	**53 052 305**	50 316 262
Number of point-of-lay hens	**5 769 855**	5 514 403
Number of culls	**1 349 741**	1 483 000
Rand value of vegetables produced	**954 188**	717 971
Kilograms of fresh grapes produced	**1 122 609**	1 209 610

		GROUP	
		2009 R'000	2008 R'000
14.	**Loans to joint ventures**		
	Unsecured loans	**35 466**	29 869
	Proportionately consolidated amounts of joint ventures included in the financial statements:		
	Non-current borrowings	**(20 076)**	(20 998)
	Deferred income tax liabilities	**(14 556)**	(10 330)
	Property, plant, equipment and intangible assets	**171 397**	136 039
	Current assets	**180 851**	177 111
	Current liabilities	**(102 293)**	(101 561)
	Net assets	**215 323**	180 261
	Revenue	**667 364**	563 542
	Expenses	**(635 769)**	(543 202)
	Profit after income tax	**31 595**	20 340
	Net cash (utilised)/generated	**(14 322)**	24 330
	Refer to note 46 for further detail.		
15.	**Investment in associates**		
	Unlisted shares at cost	**1 700**	1 700
	Interest in retained earnings	**1 229**	790
		2 929	2 490
	Refer to note 47 for further detail.		
16.	**Available-for-sale financial assets**		
	Shares in other companies		
	Listed	**23 918**	24 210
	At cost	**14 348**	11 557
	Fair value adjustment at end of year	**9 570**	12 653
	Unlisted	**7 810**	4 980
	At cost	**1 373**	1 150
	Fair value adjustment at end of year	**6 437**	3 833
	Foreign exchange translation adjustment	**–**	(3)
	Available-for-sale financial assets at fair value	**31 728**	29 190
	Market value of listed shares	**23 918**	24 210

A register with full detail is available at the Company's registered office.

Available-for-sale financial assets are denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa. The fair values of listed shares are based on their current bid prices in an active market. The fair values of unlisted shares are based on quoted prices in an "over-the-counter" market for these shares.

		GROUP	
		2009 R'000	2008 R'000
17.	**Inventories**		
	Raw material	**1 094 480**	1 267 855
	Manufactured products	**650 085**	682 934
	Packaging and consumables	**205 751**	233 345
		1 950 316	2 184 134

Inventory carried at fair value less cost to sell amounts to R20,872,125 (2008: R6,466,378).

Inventories and biological assets, with carrying values of R2,003,857,329 (2008: R2,200,726,822), of certain Group companies are pledged as security for general and revolving banking facilities of some of the Group's subsidiaries. Refer to note 24 for more detail.

		GROUP 2009 R'000	GROUP 2008 R'000
18.	**Derivative financial instruments**		
	Foreign exchange contracts – not earmarked for hedging	**(3 801)**	(6 104)
	Foreign exchange contracts – cash flow hedges	**(3 648)**	10 829
	Interest rate swaps – not earmarked for hedging	**–**	1 263
	Interest rate collars – not earmarked for hedging	**(3 461)**	1 312
	Interest rate swaps – cash flow hedges	**(10 806)**	(13 144)
	Interest rate collars – cash flow hedges	**(58 207)**	(34 107)
		(79 923)	(39 951)

For the purposes of the balance sheet derivative financial instruments are presented as follows:

	GROUP 2009 R'000	GROUP 2008 R'000
Current assets	**114**	13 717
Non-current liabilities	**(26 430)**	(37 393)
Current liabilities	**(53 607)**	(16 275)
	(79 923)	(39 951)

Trading derivatives are classified as a current asset or liability. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months. The carrying values of derivative financial instruments represent their fair values at the balance sheet date.

Refer to note 49 for further detail.

		GROUP	
		2009 R'000	2008 R'000
19.	**Trade and other receivables**		
	Trade receivables	1 517 482	1 648 822
	Allowance for outstanding credit notes	(46 731)	(45 203)
	Provision for impairment	(6 830)	(4 297)
	Net trade receivables	1 463 921	1 599 322
	Staff	1 266	903
	Prepayments	18 897	11 970
	Receivables from related parties (refer to note 34)	31 290	36 916
	Value-added tax	11 990	29 640
	Loans	16 930	12 294
	Other	10 470	12 085
		1 554 764	1 703 130
	For the purposes of the balance sheet trade and other receivables are presented as follows:		
	Non-current assets	16 930	12 294
	Current assets	1 537 834	1 690 836
		1 554 764	1 703 130

The carrying value of trade and other receivables approximates their fair value at the balance sheet date.

An allowance for outstanding credit notes is accounted for based on past experience.

At year-end trade receivables with a carrying value of R1,496,787,413 (2008: R1,600,090,127) of certain Group companies were pledged as security for general and revolving banking facilities of some of the Group's subsidiaries. Refer to note 24 for more detail.

Financial assets that are neither past due nor impaired are considered to be fully performing. The carrying amounts of fully performing financial assets included in trade and other receivables at year-end are:

	2009 R'000	2008 R'000
National customers	684 338	711 287
Other customers	749 377	822 147
	1 433 715	1 533 434

The credit quality of fully performing financial assets included in trade and other receivables is supported by the high proportion of the carrying value that can be ascribed to national customers, especially in the formal retail sector. The credit quality of the customer base is considered to be good based on historical default rates.

	GROUP	
	2009 R'000	2008 R'000
19. Trade and other receivables (continued)		
Financial assets included in trade and other receivables that are outside their normal payment terms are considered to be past due. The following represents an analysis of the past due number of days of financial assets that are past due but not impaired:		
National customers		
Up to 30 days	**9 214**	20 939
31 to 60 days	**13 333**	22 381
61 to 90 days	**5 271**	4 664
91 to 120 days	**2 999**	2 022
More than 120 days	**3 843**	9 571
	34 660	59 577
Other customers		
Up to 30 days	**26 343**	33 429
31 to 60 days	**16 449**	15 507
61 to 90 days	**3 714**	5 869
91 to 120 days	**3 075**	3 379
More than 120 days	**5 915**	9 319
	55 496	67 503
Staff		
Up to 30 days	**2**	7
31 to 60 days	**1**	4
61 to 90 days	**2**	1
91 to 120 days	**–**	–
More than 120 days	**1**	30
	6	42
Loans to other parties		
Within 12 months	**–**	129
Between 1 and 2 years	**–**	143
Between 2 and 3 years	**–**	159
Longer than 3 years	**–**	533
	–	964
Total	**90 162**	128 086
Individually impaired receivables where indicators of impairment are present, comprise of a number of non-material customers. The following trade receivables were impaired at year-end:		
National customers	**–**	–
Other customers	**6 830**	4 297
Total	**6 830**	4 297

No interest (2008: Rnil) was charged on impaired trade receivables.

		GROUP	
		2009 R'000	2008 R'000
19.	**Trade and other receivables (continued)**		
	Movements on the Group's provision for impairment of trade receivables are as follows:		
	At 1 October	4 297	2 995
	Provision for impairment of receivables raised	6 079	3 843
	Receivables provision utilised during the year	(1 624)	(2 215)
	Unused amounts reversed	(1 922)	(350)
	Foreign exchange translation adjustment	–	24
	At 30 September	6 830	4 297
	The renegotiation of customer balances are considered on a case by case basis by the relevant credit managers. The carrying amount of trade receivables that would otherwise be past due or impaired whose terms have been renegotiated:		
	National customers	–	–
	Other customers	3 599	1 502
	Total	3 599	1 502
	The Group holds a number of categories of collateral as security for trade receivable balances. These collateral categories include mortgage bonds and notarial bonds, session of debtors, various guarantees and letters of credit.		
	Fair value of collateral held on past due and impaired trade receivables:		
	National customers	–	–
	Other customers	22 642	18 070
		22 642	18 070
	The carrying amount of the Group's trade receivables is denominated in the following currencies:		
	Covered by means of foreign exchange contracts:	10 608	20 886
	Euro	1 374	3 283
	US Dollar	9 234	17 603
	Uncovered:	1 506 874	1 627 936
	Euro	4 052	4 881
	UK Pound	25 994	35 739
	Botswana Pula	16 328	17 601
	US Dollar	44 925	56 606
	SA Rand	1 405 206	1 494 495
	Other currencies	10 369	18 614
	Total	1 517 482	1 648 822
	The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
	UK Pound	25 600	34 874
	Botswana Pula	16 328	17 601
		41 928	52 475
	Other receivables are largely denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.		

		GROUP	
		2009 R'000	2008 R'000
20.	**Cash and cash equivalents**		
	Cash at bank and on hand	**301 401**	106 038
	Short-term bank deposits	**296 128**	119 693
		597 529	225 731

The effective interest rate at the balance sheet date on short-term bank deposits was between 1,4% and 8,3% (2008: 4,5% and 11,5%). These deposits have maturity days ranging from 1 day to 90 days (2008: from 1 day to 180 days).

For the purposes of the cash flow statement, the year-end cash, cash equivalents and bank overdrafts comprised of the following:

	2009 R'000	2008 R'000
Cash and short-term deposits	**597 529**	225 731
Short-term borrowings	**(5 413)**	(304 711)
Bank overdrafts	**(5 413)**	(15 711)
Call loans	**–**	(289 000)
	592 116	(78 980)

The Group's cash equivalents and short-term deposits are placed with creditable financial institutions with appropriate credit ratings.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2009 R'000	2008 R'000
Euro	**48**	572
UK Pound	**20 414**	8 646
Botswana Pula	**4 868**	2 600
US Dollar	**11 555**	1 997
SA Rand	**556 256**	205 724
Other currencies	**4 388**	6 192
Total	**597 529**	225 731

The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:

	2009 R'000	2008 R'000
UK Pound	**20 414**	8 564
Botswana Pula	**4 868**	2 600
	25 282	11 164

The majority of the Group's cash and cash equivalents is denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

The carrying amounts of cash and cash equivalents approximate their fair values at the balance sheet date.

	GROUP	
	2009 R'000	2008 R'000
21. Share capital		
Authorised – ordinary shares		
400,000,000 (2008: 400,000,000) ordinary shares of 10 cents each	**40 000**	40 000
Authorised – class A ordinary shares		
18,130,000 (2008: 18,130,000) class A ordinary shares of 10 cents each	**1 813**	1 813
Issued and fully paid – ordinary shares		
Beginning of year: 201,183,898 (2008: 181,183,898) ordinary shares of 10 cents each	**20 118**	18 118
Rights issue: Nil (2008: 20,000,000) ordinary shares of 10 cents each	**–**	2 000
At end of year: 201,183,898 (2008: 201,183,898) ordinary shares of 10 cents each	**20 118**	20 118
During the year the Company issued Nil (2008: 20,000,000) ordinary shares of 10 cents each at Rnil (2008: R25) per share through a rights issue. The cost of the 2008 rights issue amounted to R14,332,674 and was written off against share premium.		
Net treasury shares held by share incentive trusts		
Beginning of year: 8,570,935 (2008: 8,871,064) ordinary shares of 10 cents each	**857**	887
Net treasury shares sold: 1,812,830 (2008: 715,513) ordinary shares of 10 cents each	**(181)**	(72)
Rights issue: Nil (2008: 415,384) ordinary shares of 10 cents each	**–**	42
At end of year: 6,758,105 (2008: 8,570,935) ordinary shares of 10 cents each	**676**	857
Net treasury shares held by subsidiary		
Beginning and end of year: 17,982,056 (2008: 17,982,056) ordinary shares of 10 cents each	**1 798**	1 798

	GROUP	
	2009 R'000	2008 R'000
21. Share capital (continued)		
Net listed ordinary share capital		
Issued and fully paid – ordinary shares	**20 118**	20 118
Net treasury shares held by share incentive trusts	**(676)**	(857)
Net treasury shares held by subsidiary	**(1 798)**	(1 798)
	17 644	17 463

20,000,000 (2008: 20,000,000) unissued ordinary shares are under control of the directors until the next annual general meeting.

Issued and fully paid - unlisted class A ordinary shares of 10 cents each		
12,619,180 (2008: 14,213,080) treasury shares held by employee share scheme trust at beginning of year	**1 262**	1 421
1,221,990 (2008: 1,593,900) bought back and cancelled	**(122)**	(159)
11,397,190 (2008: 12,619,180) treasury shares held by employee share scheme trust at end of year	**1 140**	1 262

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

22. Share-based payments

22.1 Employee share incentive scheme

The Group has a share option scheme for qualifying management. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the grant date. The options vest over a 5 year period. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee resigns from the Group before the options vest.

	Number '000	Number '000
Number of shares made available		
Unallocated under control of directors	**550**	502
Shares under option in terms of option scheme:		
Number at the end of the year	**6 208**	8 069
Number at the beginning of the year	**8 069**	8 412
Redeemed	**(1 813)**	(645)
Expired	**(48)**	(113)
Rights offer at R25,00 per share	**–**	415
	6 758	8 571

	GROUP	
	2009 Number '000	2008 Number '000
22. Share-based payments (continued)		
22.1 Employee share incentive scheme (continued)		
Number of options		
At R3,80 per share, exercisable up to 5 July 2009	**–**	260
At R2,80 per share, exercisable up to 6 July 2009	**–**	200
At R4,70 per share, exercisable up to 1 February 2010	**–**	10
At R3,30 per share, exercisable up to 18 October 2010	**10**	10
At R8,65 per share, exercisable up to 27 May 2014	**3 021**	4 311
At R14,05 per share, exercisable up to 24 December 2014	**1 278**	1 302
At R21,86 per share, exercisable up to 25 January 2016	**984**	1 011
At R31,42 per share, exercisable up to 12 February 2017	**524**	550
At R25,00 per share, payable by 5 July 2009	**–**	15
At R25,00 per share, payable by 6 July 2009	**–**	8
At R25,00 per share, payable by 1 February 2010	**1**	1
At R25,00 per share, payable by 18 October 2010	**1**	1
At R25,00 per share, payable by 27 May 2014	**389**	390
	6 208	8 069

The weighted average share price at the exercise date, for share options exercised during the year, was R28,06 (2008: R28,83).

In 2008 the scheme exercised its right in terms of the rights offer to acquire 415,000 shares.

These fair values were calculated using the *Actuarial Binomial Option Pricing Model*. The principal assumptions for the last issue (during 2007) were as follows:

	Number	Number
Weighted average share price at grant date (cents per share)	**1 269**	1 269
Weighted average exercise price (cents per share)	**1 214**	1 214
Expected volatility	**20.0% to 33.8%**	20.0% to 33.8%
Expected life (years)	**4 to 6**	4 to 6
Risk free rate	**7.2% to 9.7%**	7.2% to 9.7%
Expected dividend yield	**2.7% to 4.4%**	2.7% to 4.4%

Expected volatility was determined by calculating the historical volatility of the share price of a similar JSE listed entity in the food sector over the previous six years.

The cost accounted for during the current year amounts to R5,089,600 (2008: R5,066,000).

	GROUP	
	2009 Number	2008 Number
22. Share-based payments (continued)		
22.2 Broad-based employee share scheme		

During 2006 the Group introduced a broad-based employee share scheme for all employees, other than management qualifying for the share-based compensation scheme. In terms of the scheme, employees received class A ordinary shares with full voting rights and dividend rights equal to 30% of that of ordinary shares. Once the notional threshold debt has been repaid, class A ordinary shares will convert into ordinary shares. The vesting period is expected to be approximately 20 years.

In case of termination of employment prior to the final date the resultant actions depend on whether the employee is considered to be a "good leaver" or an "other leaver".

An employee is considered to be a "good leaver" if employment is terminated because of:
– Death
– Permanent disability
– Retirement
– Retrenchment
– Sale of business
– Termination for a reason that in the discretion of the board has the effect of qualifying the employee as a "good leaver"
– Any other reason after the lapse of a period of five years

An employee is considered to be an "other leaver" in the event that termination takes place within a period of five years for any reason other than that constituting a "good leaver", or an employee fails to adhere to the provisions of the scheme.

The class A ordinary shares of "good leavers" will be purchased by the Company at a price equal to the market value of an ordinary share, less the notional threshold debt. The purchase price will, at the option of the Company, either be settled in cash, or utilised on behalf of the "good leaver" to subscribe for ordinary shares at the market value of ordinary shares.

The class A ordinary shares of "other leavers" will be purchased by the Company at R0,01.

Reconciliation of number of class A ordinary shares

	2009 Number	2008 Number
Balance at beginning of the year	**12 619 180**	14 213 080
Good leavers – purchased by the Company	**(412 160)**	(354 200)
Other leavers – purchased by the Company	**(809 830)**	(1 239 700)
Outstanding at year-end	**11 397 190**	12 619 180

	GROUP	
	2009 Number	2008 Number
22. Share-based payments (continued)		
22.2 Broad-based employee share scheme (continued)		

The basis of accounting was changed to cash-settled from 1 October 2007 to reflect the Group's current settlement practice.

The estimated fair value of a class A ordinary share on 30 September 2009 was R15,29 (2008: R5,92). The fair value per class A ordinary share was used to calculate the total cost of the scheme in terms of *IFRS 2 – Share-based payments*. The cost accounted for during the current year amounts to R41,363,286 (2008: reversal of cost previously accounted for amounted to R4,829,381).

These fair values were calculated using the *Actuarial Binomial Option Pricing Model.* The principal assumptions were as follows:

	2009	2008
Ordinary share price at 30 September (cents per share)	**3 350**	2 500
Notional loan amount at 30 September (cents per share)	**2 651**	2 477
Prime rate at 30 September	**10.5%**	15.5%
Expected volatility	**25.0% to 33.3%**	23.5% to 31.2%
Expected duration to repay notional debt (years)	**16.5**	20.0
Expected dividend yield	**2.8%**	3.7%
Risk free rate	**6.9% to 8.7%**	8.1% to 10.2%

Expected volatility was determined by calculating the volatility of a JSE listed share in the food industry.

The principal assumptions used to calculate the expected number of shares that will vest, are as follows:

	2009	2008
Expected rate of "other leavers" (% per annum)	**5**	5
Expected rate of "leavers" (including "other leavers") (% per annum)	**10**	10

22.3 Employee share appreciation rights scheme

The Group adopted a share appreciation rights scheme for qualifying management during the year ended 30 September 2008. The share appreciation rights vest over a five-year period. Share appreciation rights that remain unexercised after a period of 10 years from the date of grant, expire.

The exercise of vested share appreciation rights entitles the employee to ordinary shares in Pioneer Food Group Limited. This number of shares is calculated by dividing the amount by which the share price, relating to the exercised share appreciation rights, appreciated from grant date to exercise date, by the share price at the exercise date.

	GROUP	
	2009 Number '000	2008 Number '000
22. Share-based payments (continued)		
22.3 Employee share appreciation rights scheme (continued)		
Number of share appreciation rights made available		
Number at the beginning of the year	**1 249**	–
Expired	**(53)**	–
New offer at R25,48 per share	**–**	1 249
New offer at R24,20 per share	**790**	–
Number at the end of the year	**1 986**	1 249
Number of share appreciation rights		
At R25,48 per share, exercisable up to 9 June 2018	**1 201**	1 249
At R24,20 per share, exercisable up to 27 February 2019	**785**	–
	1 986	1 249

Share appreciation rights were granted on 27 February 2009 (2008: 9 June 2008) at a strike price of R24,20 (2008: R25,48). Vesting takes place over a five year period with the first 20% of the share appreciation rights vesting on 27 February 2010 (2008: 9 June 2009).

The net estimated weighted average fair value per share appreciation right at 30 September 2009 is R7,06 (2008: R7,78). The fair value per share appreciation right was used to calculate the total cost of the scheme in terms of *IFRS 2 – Share-based payments*. The cost accounted for in the current year amounts to R4,910,800 (2008: R2,122,500).

	Number	Number
The principal assumptions were as follows:		
Weighted average share price at grant date (cents per share)	**2 626**	2 800
Expected volatility	**22.0% to 30.9%**	22.0% to 23.7%
Expected dividend yield	**3.3% to 4.0%**	3.3%
Risk free rate	**7.0% to 8.9%**	8.7% to 8.9%
Expected life (years)	**3 to 6**	3 to 6

Expected volatility was determined by calculating the volatility of the share price of a similar JSE listed entity in the food industry.

	R'000	R'000
23. Other reserves		
Statutory reserve (insurance captive)	**4,483**	4,021
Fair value reserve	**14,181**	14,345
Reserve relating to translation of foreign currency	**(6,561)**	18,672
Hedging reserve	**(63,548)**	(54,353)
Equity compensation reserve	**44,379**	33,862
	(7,066)	16,547

		GROUP	
		2009 R'000	2008 R'000
24.	**Borrowings**		
	Non-Current		
	Secured financing		
	Syndicated and other	**1 076 484**	1 165 682
	Unsecured financing	**20 076**	15 629
	Total non-current	**1 096 560**	1 181 311
	Current		
	Secured financing	**138 497**	182 517
	Lease agreements	**–**	12
	Syndicated and other	**138 497**	182 505
	Unsecured financing	**17 182**	12 110
	Bank overdrafts	**5 413**	15 711
	Call loans	**–**	289 000
	Total current	**161 092**	499 338
	Total borrowings	**1 257 652**	1 680 649

Refer to note 45 for further detail.

The level of borrowings is within the limits prescribed by the articles of association of the Company and its subsidiaries.

During 2008 the Group obtained syndicated financing of R1,3 billion in the form of bullet and amortising loans. These loans are secured by mortgages over certain immovable properties with carrying values of R421,465,083 (2008: R365,158,138) at year-end as well as notarial bonds over certain items of plant and equipment with carrying values of R834,760,374 (2008: R842,534,764) at year-end. These loan facilities are also secured by general notarial bonds over all movable assets of Pioneer Foods (Pty) Ltd, Ceres Fruit Juices (Pty) Ltd, Continental Beverages (Pty) Ltd and Retail Brands Interafrica (Pty) Ltd.

Short-term facilities utilised of R80,527,643 (2008: R450,306,138) are secured by pledges over certain Group companies' inventories, biological assets and trade receivables (outstanding for less than 90 days). Per agreement, the carrying value of the specified inventories and trade receivables should at all times, be at least twice the value of these facilities utilised. At year-end inventories (including biological assets) and trade receivables pledged as security for this purpose amounted to R1,999,673,000 (2008: R2,200,726,822) and R1,474,105,000 (2008: R1,600,090,127) respectively.

	2009 R'000	2008 R'000
The carrying values of borrowings approximate their fair values at the balance sheet date and are denominated in the following currencies:		
UK Pound	**18 814**	31 094
Botswana Pula	**5 413**	6 802
SA Rand	**1 233 425**	1 634 319
Other currencies	**–**	8 434
Total	**1 257 652**	1 680 649
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
UK Pound	**18 814**	31 094
Botswana Pula	**5 413**	6 802
	24 227	37 896

		GROUP	
		2009 R'000	2008 R'000
25.	**Deferred income tax**		
	Balance at beginning of year	**406 171**	389 903
	Charge in income statement	**93 340**	36 325
	Deferred income tax on swaps and collars charged to equity	**(5 595)**	(13 230)
	Foreign exchange translation adjustment	**(473)**	245
	Rate change on amounts previously recognised in income statement	**–**	(13 412)
	Deferred income tax on foreign exchange contracts charged to equity	**(4 053)**	7 142
	Rate change on hedging reserve fair value adjustments	**–**	147
	Deferrred income tax on share-based payment of share appreciation rights	**(516)**	–
	Deferred income tax on fair value adjustments of available-for-sale financial assets charged to equity	**(316)**	(930)
	Rate change on fair value reserve	**–**	(110)
	Business combinations	**–**	91
		488 558	406 171
	Due to the following timing differences:		
	Capital allowances, including trademarks	**565 261**	523 562
	Inventories	**5 268**	4 211
	Biological assets	**40 051**	36 754
	Provision for post-retirement medical benefits and long service awards	**(23 048)**	(21 921)
	Leave accrual	**(30 155)**	(25 878)
	Prepaid expenses	**4 166**	2 926
	Provision for impairment of trade receivables	**(3 065)**	(306)
	Rebates, growth incentives and settlement discount accruals	**(18 697)**	(16 608)
	Assessed losses	**(22 469)**	(57 648)
	Hire-purchases and leased assets	**160**	164
	Re-insurance commission received in advance	**(296)**	(232)
	Fair value adjustments on available-for-sale financial assets	**1 823**	2 139
	Provision for credit notes	**(11 442)**	(12 452)
	Derivative financial instruments	**(21 499)**	(10 876)
	Deferred revenue	**(5 467)**	(6 564)
	Other	**7 967**	(11 100)
		488 558	406 171
	For the purpose of the balance sheet deferred income tax is presented as follows:		
	Non-current assets	**2 657**	36 205
	Non-current liabilities	**(491 215)**	(442 376)
		(488 558)	(406 171)

	GROUP 2009 R'000	GROUP 2008 R'000
26. Provisions for other liabilities and charges		
Post-retirement medical benefits	**57 142**	55 200
Balance at beginning of year	**55 200**	52 697
Interest cost	**5 403**	4 829
Actuarial (gain)/loss	**(114)**	730
Service cost	**230**	222
Payments	**(3 577)**	(3 278)
Long service awards	**25 172**	23 093
Balance at beginning of year	**23 093**	19 189
Interest cost	**2 367**	1 929
Actuarial loss	**1 044**	2 139
Service cost	**5 020**	4 331
Payments	**(6 352)**	(4 495)
	82 314	78 293
Post-retirement medical benefits		
The amount recognised in the balance sheet was determined as follows:		
Present value of unfunded obligations	**55 216**	52 715
Unrecognised actuarial gain	**1 926**	2 485
	57 142	55 200
Long service awards		
The amount recognised in the balance sheet was determined as follows:		
Present value of unfunded obligations	**25 172**	23 093

Existing provisions are based on the following important assumptions:

Post-retirement medical benefits

Medical inflation rate: 10,0% (2008: 10,3%) p.a.
Investment rate of return: 10,0% (2008: 10,3%) p.a.
The date of the most recent actuarial valuation is 1 October 2009.

Long service awards

Discount rate: 10,0% (2008: 10,3%) p.a.
Salary increases: 6,0% (2008: 6,3%) p.a.
Normal retirement age: 60 (2008: 60) years
The date of the most recent actuarial valuation is 1 October 2009.

	2009 R'000	2008 R'000
The effect of a 1% increase in the assumed health cost trend is as follows:		
Increase in the aggregate of current service and interest cost	**710**	715
Increase in the defined benefit obligation	**4 761**	6 527
The effect of a 1% decrease in the assumed health cost trend is as follows:		
Decrease in the aggregate of current service and interest cost	**587**	589
Decrease in the defined benefit obligation	**7 490**	5 410

	GROUP 2009 R'000	GROUP 2008 R'000
27. Share-based payment liability		
Balance at beginning of year	19 424	–
Transfer from equity compensation reserve at beginning of year	–	28 164
Share-based payment	41 363	(4 829)
Dividends paid on class A ordinary shares	(3 680)	(3 911)
	57 107	19 424

During 2008 the Group changed its accounting treatment of the broad-based employee share scheme from equity-settled to cash-settled to reflect the Group's current settlement practices. The opening balance of the equity compensation reserve on 1 October 2007 was therefore, transferred to the share-based payment liability. Refer to note 22.2 for detail on the broad-based employee share scheme.

	GROUP 2009 R'000	GROUP 2008 R'000
28. Trade and other payables		
Trade payables	1 076 899	1 111 794
Accrued expenses	83 586	94 370
Related parties (refer to note 34)	8 875	8 753
Deferred revenue	50 438	56 240
Value-added tax	1 209	2 142
Accrual for leave	109 649	94 449
Accrual for 13th cheque	53 663	46 924
Other	109 814	70 699
	1 494 133	1 485 371
The carrying amounts of the Group's trade payables are denominated in the following currencies:		
Covered by means of foreign exchange contracts:	53 345	49 873
Euro	1 002	310
US Dollar	51 629	49 563
Other currencies	714	–
Uncovered:	1 023 554	1 061 921
Euro	9 280	2 778
UK Pound	21 566	25 400
Botswana Pula	2 594	2 599
US Dollar	3 933	18 971
SA Rand	984 014	1 010 636
Other currencies	2 167	1 537
Total	1 076 899	1 111 794
The following balances, included in the summary above, are denominated in the functional currencies of the relevant entities:		
UK Pound	20 153	24 311
Botswana Pula	2 594	2 599
	22 747	26 910

Other payables are mostly denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

	GROUP	
	2009 R'000	2008 R'000

29. Financial risk management

29.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The board approved an overall decision making framework in terms of which financial risks are evaluated, managed and hedged by executive management.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk arises from both financial assets and financial liabilities.

Financial liabilities exposed to interest rate risk include interest-bearing short- and long-term borrowings, bank overdrafts and call loans. The Group only borrows at variable interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The interest rate profile as at 30 September is summarised as follows:

	2009 R'000	2008 R'000
Variable rate	**1 257 652**	1 680 649
Fixed rate	**–**	–
Total loans	**1 257 652**	1 680 649

Percentage of total loans:

	%	%
Variable rate	**100.0**	100.0
Fixed rate	**–**	–
Total loans	**100.0**	100.0

Refer to note 45 for detail regarding interest rates.

Based on various scenarios the Group manages its interest rate risk by entering into floating-to-fixed interest rate swaps, zero-cost interest rate collar contracts or any other applicable hedging instruments. The portion of interest-bearing borrowings to be hedged is determined based on macro-economic factors. It is the Group's policy to hedge at least 50% of all its major interest-bearing borrowings for three years rolling through appropriate hedging instruments. The main purpose of the Group's hedging strategy is to hedge the Group against a possible increase in interest rates; however, the Group also contracts for sharing in the up-side of a possible decrease in interest rates. Where such instruments qualify for hedge accounting, hedge accounting principles are applied in accounting for these hedging instruments.

	GROUP	
	2009 **R'000**	2008 R'000

29. Financial risk management (continued)

29.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate swaps have the economic effect of converting a portion of borrowings from floating rates to fixed rates. Under the interest rate swap agreements, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between contracted fixed interest rates and floating interest rates calculated by reference to agreed notional amounts.

A zero-cost interest rate collar contract is an instrument which combines the purchase of a cap and the sale of a floor to specify a range in which an interest rate will fluctuate. The instrument insulates the buyer against the risk of a significant rise in a floating rate, but limits the benefits of a drop in that floating rate. Financing costs are effectively "collared" between these upper and lower limits. Cash flows are only settled, at specified intervals, if the benchmark rate was exceeded. Settlement amounts are calculated by reference to the agreed notional amounts.

Financial assets exposed to interest rate risk include cash, short-term bank deposits, loans to associates and joint ventures. The Group's cash and cash equivalents are placed with creditable financial institutions.

Cash and short-term bank deposits are invested at variable rates. At year-end R296,128,471 (2008: R119,692,723) was invested at rates that varied from 1,4% to 8,3% (2008: 4,5% to 11,5%).

At year-end loans to associates and joint ventures were granted interest free or at variable rates from 9,5% to 10,5% (2008: 13,0% to 16,0%).

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US Dollar and UK Pound. Foreign exchange risk arises from future commercial transactions denominated in foreign currencies, recognised assets and liabilities denominated in foreign currencies and derivative financial instruments. Apart from the Group's exposure to trade receivables and payables denominated in foreign currencies, no other financial assets or liabilities expose the Group to significant foreign currency risk.

The Group manages short-term foreign exchange exposure relating to trade imports and exports, in terms of formal foreign exchange policies with prescribed limits. Foreign exchange risk arising from capital imports is hedged in total by means of foreign exchange contracts or other appropriate hedging instruments. On a case by case basis, depending on potential income statement volatility caused by the fair value movement of the derivative, management decides whether or not to apply hedge accounting.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the Group's exposure to this risk is insignificant as the Group's investments in foreign operations are not material.

Refer to note 49 for detail of foreign exchange contracts at year-end.

	GROUP	
	2009 R'000	2008 R'000

29. Financial risk management (continued)

29.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is exposed to price risk of equity securities due to investments held by the Group that are classified on the consolidated balance sheet as 'available-for-sale'. To manage its price risk arising from investments in equity securities, the portfolio is managed by three major professional fund managers and investments are spread over a variety of industries in the market. The Group's investment in equity securities is not material.

The Group is further exposed to commodity price risk. The risk arises from the Group's need to buy specific quantities and qualities of raw materials to meet its milling requirements. These raw materials include wheat, maize, soya beans, sorghum, barley and oats.

The Group uses exchange-for-physical contracts, options and futures to hedge itself against the price risk of these commodities. These contracts hedge the future purchase price of raw materials. Settlement of the physical contracts and local futures are effected by physical delivery. To the extent that commodity forward contracts and futures qualify for hedge accounting under *IAS 39*, the effective portion of the movement in fair values of these derivatives are accounted for as cash flow hedges in equity. Any ineffective portion is recognised in the income statement.

Commodities are hedged in terms of a formal procurement policy which includes a raw material procurement hedging policy, pricing options and exposure limits, approved by the board of directors. The policy is regularly reviewed by the procurement committee under chairmanship of the managing director. The policy is sufficiently flexible to allow management to rapidly adjust hedges following possible changes in raw material requirements.

Refer to note 49 for detail of commodity instruments at year-end.

(iv) Sensitivity analysis

The table below summarises the impact on post-tax profit and equity of changes in market risks relating to the Group's financial instruments exposed to foreign currency risk, interest rate risk and price risk.

Change in foreign currency

Derivative financial instruments affected by changes in exchange rates include futures, options and foreign exchange contracts. The summary below reflects the results of an expected change in US Dollar of 7,0% (2008: 15,9%), UK Pound of 16,0% (2008: 13,0%), Botswana Pula of 4,0% (2008: 2,0%) and Euro of 8,5% (2008: 12,6%), with all other variables held constant.

	GROUP	
	2009 **R'000**	2008 R'000
29. Financial risk management (continued)		
29.1 Financial risk factors (continued)		
(a) Market risk (continued)		
(iv) Sensitivity analysis (continued)		
Change in foreign currency (continued)		
Rand deteriorates against foreign currencies		
– Increase/(decrease) in profit after tax		
Trade receivables	**3 174**	7 135
Trade payables	**(3 341)**	(10 472)
Derivative financial instruments not earmarked for hedging	**8 832**	4 387
– Increase in equity (after tax)		
Derivative financial instruments earmarked for hedging	**5 432**	24 243
	14 097	25 293

If the Rand appreciates against these currencies the impact will be a decrease/(increase) in reserves of the same amount.

Change in interest rate

The summary below reflects the results of an expected change in the prime interest rate of 0,5% (2008: 1,0%), with all other variables held constant.

Interest rates increase		
– Increase/(decrease) in profit after tax		
Short-term bank deposits	**1 329**	732
Interest-bearing borrowings	**(4 346)**	(7 299)
Derivative financial instruments not earmarked for hedging	**3**	1 527
– (Decrease)/increase in equity (after tax)		
Derivative financial instruments earmarked for hedging	**(5 534)**	6 539
	(8 548)	1 499

Interest rates decrease

If the prime interest rate decreases, the impact will be a decrease in the profit after tax of the same amount on financial instruments other than interest rate swaps and collars.

Derivative financial instruments affected by changes in the interest rate include interest rate swaps and interest rate collars. The effect of a decrease in the prime interest rate of 0,5% (2008: 1,0%) on these derivative financial instruments will result in:

– Decrease in profit after tax		
Derivative financial instruments not earmarked for hedging	**(3)**	(3 025)
– Decrease in equity (after tax)		
Derivative financial instruments earmarked for hedging	**(5 615)**	(9 757)

Change in commodity prices

Derivative financial instruments affected by changes in the commodity prices relate to futures and options. The summary below reflects the results of an expected change in the wheat price of 10,0% (2008: 2,9%) and a change in the maize price of 30,0% (2008: 3,7%), with all other variables held constant.

		GROUP	
		2009 R'000	2008 R'000
29.	**Financial risk management (continued)**		
29.1	***Financial risk factors (continued)***		
	(a) Market risk (continued)		
	(iv) Sensitivity analysis (continued)		
	Change in commodity prices (continued)		
	Commodity price increase		
	– Increase in profit after tax		
	Derivative financial instruments	**1 503**	–
	– Increase in equity (after tax)		
	Derivative financial instruments	**20 940**	6 793

If these prices would decrease it will result in a decrease in reserves of the same amount.

Change in security prices

Available-for-sale financial assets relate to investments in securities. The summary below reflects the results of an expected change in the security prices of 14,0% (2008: 14,0%), with all other variables held constant.

	2009 R'000	2008 R'000
Security prices increase		
– Increase in equity (after tax)		
Available-for-sale financial instruments	**2 639**	2 924

If these prices would decrease it will result in a decrease in reserves of the same amount.

(b) Credit risk

Financial assets that potentially subject the Group to a concentration of credit risk consist principally of cash and cash equivalents, derivative financial instruments and deposits with financial institutions, as well as credit exposure to trade receivables, including outstanding receivables and committed transactions.

The Group's credit risk exposure relating to cash and cash equivalents, derivative financial instruments and deposits with financial institutions is managed on a Group level. Cash equivalents and short-term deposits are placed with a limited group of creditable financial institutions, all of which have A1+ short-term credit ratings.

The Group's credit risk exposure relating to trade receivables is managed on a decentralised basis. Trade receivables are subject to credit limits, control and approval procedures. The credit quality of customers is assessed, taking into account its financial position, past experience with the customer and other factors when approving new customers and determining or revising individual credit limits. The utilisation of credit limits is regularly monitored.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

	GROUP	
	2009 R'000	2008 R'000

29. Financial risk management (continued)

29.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generating capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate. The Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity as well as significant liquid resources.

At year-end the Group has borrowing facilities in the form of committed borrowings as well as overnight facilities at the four major South African banks. Sufficient collateral in the form of inventory, biological assets, trade receivables and property, plant and equipment are provided as security for the debt. The Group also has the option to repay long-term debt as excess cash flow is available, without incurring any penalties.

The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently, Group policy requires that sufficient borrowing facilities are available to exceed projected peak borrowings.

The Group's unutilised borrowing facilities are as follows:	**2009 R'000**	2008 R'000
Total borrowing facilities	**3 515 580**	3 686 614
Net interest-bearing liabilities	**(660 122)**	(1 454 918)
	2 855 458	2 231 696

Refer to note 50 for a maturity analysis of the Group's financial liabilities.

29.2 Capital risk management

For capital management purposes the current level of capital in the Group is defined as the difference between the total assets and total liabilities of the Group. The capital employed is managed on a basis that enables the Group to continue operating as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and bank overdrafts as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as capital and reserves attributable to equity holders of the Group as shown in the consolidated balance sheet.

The main focus of the Group's capital management is to ensure liquidity, in the form of short-term borrowing facilities, in order to have sufficient available funding for the Group's working capital requirements.

	GROUP	
	2009 R'000	2008 R'000
29. Financial risk management (continued)		
29.3 Fair values		

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter securities) is determined by using valuation techniques. The Group uses a variety of methods that makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair values of interest rate swaps and collars are calculated as the present value of the estimated future cash flows. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying amounts of cash, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings are assumed to approximate their fair values due to the short term until maturity of these assets and liabilities.

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. The fair values of long-term investments and long-term borrowings are not materially different from the carrying amounts.

30. Contingent liabilities		
Guarantees in terms of loans by third parties to contracted service providers	**128 717**	146 299
Other guarantees	**27 751**	12 080
	156 468	158 379

Litigation

Complaint referral by the Competition Commission of South Africa

In June 2009 Pioneer Foods appeared before the Competition Tribunal on two complaint referrals initiated by the Competition Commission. On the 9th of September 2009 the final legal arguments of the Competition Commission and the Company's wholly-owned subsidiary Pioneer Foods (Pty) Ltd were made before the Competition Tribunal with regards to the complaint referrals for:

– alleged prohibited practices in the Western Cape seeking, amongst others, the imposition of an administrative penalty of 10% of the revenue derived by Pioneer Foods (Pty) Ltd from the production and sale of bread in the Western Cape in 2006; and
– allegations of participating in a national bread cartel seeking, amongst others, the imposition of an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue in 2007.

	GROUP	
	2009 R'000	2008 R'000

30. Contingent liabilities (continued)

Litigation (continued)

Complaint referral by the Competition Commission of South Africa (continued)

In its answer to the complaint referrals received in 2007, Pioneer Foods (Pty) Ltd admitted to certain facts relating to prohibited practices in the Western Cape, but has continued to defend itself against all other allegations made by the Commission.

On 28 September 2009, the Commission applied to the Competition Tribunal for leave to amend the relief sought by it in the complaint referrals by introducing, amongst others, claims for:

- substitution of the original relief sought in the Western Cape referral by the demand for an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue for 2006; alternatively an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue derived from the production and sale of bread in 2006; and
- substitution of the original relief sought in the national referral by the demand for an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue for 2006; alternatively an administrative penalty of 10% of Pioneer Foods (Pty) Ltd's revenue derived from the production and sale of bread in 2006.

Pioneer Foods (Pty) Ltd has opposed certain of the amendments sought.

The legal entity Pioneer Foods (Pty) Ltd's audited revenue in 2006 amounted to R7,86 billion, whereas the comparative revenue in 2007 amounted to R9,23 billion. Pioneer Foods (Pty) Ltd's national revenue from the production and sale of bread in 2006 amounted to R1,65 billion. Pioneer Foods (Pty) Ltd's revenue derived from the production and sale of bread in the Western Cape in 2006 amounted to R384 million. This was the maximum potential penalty base (10% being R38,4 million) for the Western Cape case in terms of the initial request for penalty from the Commission.

At the date of approval of the financial statements by the board, the Tribunal has not ruled on the amendment sought by the Commission nor on the two complaint referrals.

No provision for a potential administrative penalty has been made.

Land claims

Regional Land Claim Commissioners acknowledged claims against the land of two Group companies, in terms of the provisions of sections 2 and 11 of the Restitution of Land Rights Act of 1994 (as amended), on 3 October 2004 as well as during 2007.

Claim received before the 2007 financial year:
The Group company concerned has followed the procedures prescribed by this Act with no specific course of action negotiated or agreed with the Commissioner or the claimants to date. Although the process is expected to continue for an undetermined period of time, it is not expected to have a material impact on this Group company's ability to conduct business as usual in the foreseeable future.

Claims received during the 2007 financial year:
The valuations of the Commissioners were accepted for the two farms involved and the proposed sale for R10,5 million is in progress. The impact of discontinuing production at these two units is immaterial.

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

	GROUP	
	2009 R'000	2008 R'000

30. Contingent liabilities (continued)

Litigation (continued)

Dispute with egg contract producers

As previously reported, claims were received from some contract producers for the alleged breach of the terms of specific supply agreements. The claimants then withdrew these claims in arbitration proceedings and they have now submitted new claims to the Western Cape High Court: Cape Town.

Pioneer Foods has filed answering pleas to all these claims. In several of these matters counter claims to recover damages suffered by Pioneer Foods as a result of breach of contract by the contract producers are being quantified and will be filed in the new financial year.

The Court is unlikely to hear these matters before 2011. Management remains convinced, based on legal advice regarding the legal merits of the claims against the Group, that the Group will not incur any material liability in respect of this matter.

31. Commitments

31.1 Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	2009 R'000	2008 R'000
Not later than 1 year	**33 422**	34 889
Later than 1 year, but not later than 5 years	**79 948**	77 983
Later than 5 years	**2 633**	253
	116 003	113 125

31.2 Operating lease receivables

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2009 R'000	2008 R'000
Not later than 1 year	**2 326**	2 611
Later than 1 year, but not later than 5 years	**3 076**	5 959
	5 402	8 570

31.3 Future capital commitments

	2009 R'000	2008 R'000
Contractually committed	**376 669**	301 155
Approved by the board, but not yet contractually committed	**698 014**	413 621
– for next financial year	**486 257**	413 621
– for year following next financial year	**211 757**	–
Items of joint ventures	**39 047**	54 914
	1 113 730	769 690
Allocated as follows:		
Property, plant and equipment	**1 113 730**	769 690

The expenditure will be financed from operating income and borrowed funds, in accordance with a budget approved by the board of directors.

		GROUP	
		2009 R'000	2008 R'000
32.	**Retirement benefits**		
	The Group contributes to retirement and provident funds for all its employees which are administered by several service providers. These retirement and provident funds are defined contribution plans which are arranged and governed by the Pension Fund Act of 1956.		
33.	**Government grants**		
	Cumulative amounts received	**7 490**	6 772
	Cumulative amounts amortised	**(3 628)**	(2 889)
	Receipts deferred	**3 862**	3 883
	The Group obtained and deferred as income a government grant of R718,461 (2008: R1,072,963). The Group benefits from such assistance for capital expenditure.		
34.	**Related party transactions**		
	During the financial year the Company and its subsidiaries conducted the following transactions with joint ventures, associates, parties exercising significant influence and key management personnel.		
34.1	***Sale of goods***		
	Key management personnel	**7 387**	8 783
	Joint ventures	**192 784**	156 411
	Associates	**33 164**	30 035
	Parties exercising significant influence	**21 848**	25 831
34.2	***Purchase of goods***		
	Key management personnel	**11 448**	8 544
	Joint ventures	**14 911**	15 937
	Associates	**44 133**	34 814
	Parties exercising significant influence	**33 567**	32 984
34.3	***Net interest received***		
	Joint ventures	**4 117**	4 379
34.4	***Key management personnel compensation***		
	Salaries and other short-term employee benefits	**101 127**	84 176
	Termination benefits	**–**	2 029
	Post-employment benefits	**10 251**	7 875
	Other long-term benefits	**1 268**	615
	Share-based payments	**11 014**	6 149
		123 660	100 844

		GROUP	
		2009 R'000	2008 R'000
34.	**Related party transactions (continued)**		
34.5	***Year-end balances arising from sales/purchases of goods/services***		
	Receivable from related parties		
	Parties exercising significant influence	2 237	1 999
	Key management personnel	739	64
	Associates	2 550	5 035
	Joint ventures	25 764	29 818
		31 290	36 916
	Payable to related parties		
	Parties exercising significant influence	563	537
	Associates	6 577	7 031
	Joint ventures	1 735	1 185
		8 875	8 753
34.6	***Loans to related parties***		
	Loans to joint ventures		
	Beginning of year	29 869	13 187
	Loans advanced during the year	26 588	36 825
	Loan repayments received	(25 800)	(25 873)
	Interest charged	4 438	4 565
	Interest received	(321)	(186)
	IAS 39 adjustment	692	1 351
	End of year	35 466	29 869
	Above-mentioned amounts are included in the amounts disclosed in the Group financial statements.		
35.	**Net cash profit from operating activities**		
	Reconciliation of profit before income tax and net cash profit from operating activities:		
	Profit before income tax	896 584	627 093
	Adjusted for:		
	Depreciation	269 086	252 259
	Impairment of property, plant, equipment and intangible assets	53 352	22 278
	Net loss/(profit) on disposal of property, plant, equipment and intangible assets	16 346	(1 670)
	Net profit on disposal of available-for-sale financial assets	(1 676)	(1 239)
	Unrealised losses on foreign exchange contracts and on foreign exchange	8 569	1 756
	Fair value adjustment on interest rate swaps and collars	4 774	(2 575)
	Change in provision for impairment of trade receivables	2 533	1 302
	Change in allowance for outstanding credit notes	1 528	11 417
	Share-based payments	51 364	2 359
	Changes in provisions for post-retirement medical benefits and long service awards	13 950	14 180
	Biological non-current asset adjustments	(2 067)	(4 024)
	Dividends received	(1 742)	(999)
	Interest received	(26 973)	(30 473)
	Interest paid	224 554	250 786
	Profit from associated companies	(439)	(718)
		1 509 743	1 141 732

		GROUP	
		2009 R'000	2008 R'000
36.	**Working capital changes**		
	Decrease/(increase) in inventory	**234 896**	(559 927)
	Decrease/(increase) in trade and other receivables	**148 941**	(188 649)
	(Decrease)/increase in trade and other payables	**(1 160)**	271 379
	Increase in current biological assets	**(8 366)**	(32 121)
	(Increase)/decrease in derivative financial instruments (assets)	**(19 907)**	23 722
	Increase/(decrease) in derivative financial instruments (liabilities)	**12 077**	(17 798)
	Provisions paid	**(9 929)**	(7 773)
		356 552	(511 167)
37.	**Dividends paid to Group ordinary shareholders**		
	Amounts unpaid at beginning of year	**(223)**	(306)
	As disclosed in statement of changes in equity	**(178 750)**	(148 596)
	Dividends – Ordinary shareholders	**(205 207)**	(173 936)
	Dividends received on treasury shares of share incentive trusts	**8 115**	8 077
	Dividends received on treasury shares of subsidiary	**18 342**	17 263
	Amounts unpaid at end of year	**147**	223
		(178 826)	(148 679)
38.	**Income tax paid**		
	Amounts unpaid at beginning of year	**20 839**	(46 482)
	As disclosed in the income statement	**(241 575)**	(151 495)
	Business combinations	**–**	119
	Hedging reserve – reversal of previous year income tax to income statement	**(10 940)**	29 428
	Hedging reserve – income tax current year	**4 866**	10 940
	Amounts unpaid at end of year	**(7 540)**	(20 839)
		(234 350)	(178 329)
39.	**Proceeds on disposal of property, plant, equipment and intangible assets**		
	Book value of property, plant, equipment and intangible assets	**34 540**	23 451
	Net (loss)/profit on disposal of property, plant, equipment and intangible assets	**(16 346)**	1 670
		18 194	25 121
40.	**Proceeds on disposal of available-for-sale financial assets**		
	Book value of available-for-sale financial assets	**4 063**	1 851
	Net profit on disposal of available-for-sale financial assets	**1 676**	1 239
		5 739	3 090

		GROUP	
		2009 R'000	2008 R'000
41.	**Business combinations**		
	Effect on movement of:		
	Property, plant and equipment	**27 638**	25 627
	Intangible assets	**4 877**	4 992
	Inventories	**1 078**	1 873
	Trade and other receivables	**–**	4 694
	Cash and cash equivalents	**–**	2 822
	Current income tax assets	**–**	119
	Trade and other payables	**–**	(4 836)
	Deferred income tax liabilities	**–**	(91)
		33 593	35 200

Refer to note 44 for further detail.

42. Segment information

The primary segmental disclosure is business segments.

Business segments are divided into the following:

Sasko

Agri Business

Bokomo Foods

Ceres Beverages

Unallocated

Sasko includes products such as wheaten flour, maize meal, rice, pasta, bread, the foreign African businesses and the business of Bowman Ingredients. Agri Business includes eggs, broilers and animal feeds. Bokomo Foods include breakfast cereals, dried fruits and other fast moving consumer goods and the Heinz Foods SA and Bokomo Foods (UK) businesses. Ceres Beverages include fruit juices, fruit concentrate mixtures and carbonated soft drinks.

The secondary segment comprises mainly South Africa.

Segment assets consist of property, plant and equipment, intangible assets, inventories, biological assets, trade and other receivables and derivative financial instrument assets and exclude cash and cash equivalents, available-for-sale financial assets, loans to joint ventures, investment in associates, deferred and current income tax assets and loans receivable.

Segment liabilities consist of trade and other payables, provisions for other liabilities and charges, share-based payment liabilities and derivative financial instrument liabilities, and exclude borrowings, current income tax liabilities, deferred income tax liabilities and dividends payable.

Segment capital expenditure consists of additions and replacements of property, plant, equipment and intangible assets.

Unallocated amounts include non-qualifying business segments.

		GROUP	
		2009 R'000	2008 R'000
42.	**Segment information (continued)**		
	Primary reporting format – business segments		
	Segment revenue	**16 511 218**	15 258 654
	Sasko	**8 876 723**	8 142 935
	Agri Business	**2 599 399**	2 493 338
	Bokomo Foods	**2 625 014**	2 539 440
	Ceres Beverages	**2 410 082**	2 082 941
	Unallocated	**–**	–
	Less: Internal revenue	**(227 304)**	(374 278)
	Sasko	**(144 691)**	(252 871)
	Agri Business	**(24 051)**	(51 776)
	Bokomo Foods	**(37 573)**	(52 732)
	Ceres Beverages	**(20 989)**	(16 899)
	Unallocated	**–**	–
	External revenue	**16 283 914**	14 884 376
	Segment results (before items of a capital nature)	**1 160 006**	865 058
	Sasko	**926 270**	622 056
	Agri Business	**80 327**	3 464
	Bokomo Foods	**195 373**	239 375
	Ceres Beverages	**98 623**	77 752
	Unallocated	**(140 587)**	(77 589)
	Total segment assets	**7 401 578**	7 666 191
	Sasko	**3 174 153**	3 530 048
	Agri Business	**905 514**	801 660
	Bokomo Foods	**1 631 638**	1 858 814
	Ceres Beverages	**1 295 647**	1 319 885
	Unallocated	**394 626**	155 784
	Total segment liabilities	**1 713 591**	1 636 756
	Sasko	**576 277**	502 542
	Agri Business	**317 500**	344 654
	Bokomo Foods	**317 846**	335 521
	Ceres Beverages	**287 140**	324 928
	Unallocated	**214 828**	129 111
	Total segment capital expenditure (excluding business combinations)	**465 626**	647 768
	Sasko	**88 281**	242 164
	Agri Business	**74 797**	65 360
	Bokomo Foods	**157 975**	143 179
	Ceres Beverages	**128 209**	165 752
	Unallocated	**16 364**	31 313

	GROUP	
	2009 R'000	2008 R'000
42. Segment information (continued)		
Primary reporting format – business segments (continued)		
Total segment depreciation and amortisation	**269 086**	252 259
Sasko	**111 017**	104 355
Agri Business	**21 094**	19 603
Bokomo Foods	**54 397**	45 937
Ceres Beverages	**55 034**	50 814
Unallocated	**27 544**	31 550
Total segment non-cash results	**(14 670)**	2 909
Sasko	**(1 971)**	2 321
Agri Business	**(1 711)**	579
Bokomo Foods	**(13 123)**	(884)
Ceres Beverages	**289**	(470)
Unallocated	**1 846**	1 363
Total segment impairment of property, plant, equipment and intangible assets	**53 352**	22 278
Sasko	**–**	–
Agri Business	**–**	–
Bokomo Foods	**53 352**	22 026
Ceres Beverages	**–**	252
Unallocated	**–**	–
Secondary reporting format – geographical segments		
Segment revenue	**16 436 787**	15 028 383
South Africa	**15 838 903**	14 446 977
Foreign countries	**597 884**	581 406
Less: Internal revenue	**(152 873)**	(144 007)
South Africa	**(152 873)**	(144 007)
Foreign countries	**–**	–
External revenue	**16 283 914**	14 884 376
Total segment assets	**7 401 578**	7 666 191
South Africa	**7 165 922**	7 401 340
Foreign countries	**235 656**	264 851
Total segment capital expenditure (excluding business combinations)	**465 626**	647 768
South Africa	**449 087**	636 840
Foreign countries	**16 539**	10 928

		GROUP	
		2009 R'000	2008 R'000
43.	**Events after the balance sheet date**		
	A final dividend of 89,0 cents (2008: 66,0 cents) per ordinary share has been declared for the year. This will only be reflected in the statement of changes in equity for 2010. Refer to note 9.		
	No other events that may have a material effect on the Group occurred after the balance sheet date.		
44.	**Acquisitions**		
	During the course of the year the following businesses were acquired and all assets and liabilities relating to these acquisitions have been accounted for on an acquisition basis.		
44.1	***Papillon Foods***		
	The assets of this business were acquired on 27 February 2009 and can be summarised as follows:		
	Fair Value		
	Land and buildings	**18 132**	–
	Plant and equipment	**4 806**	–
	Intellectual property	**2 926**	–
	Inventory	**578**	–
	Goodwill	**1 951**	–
	Purchase consideration – settled in cash	**28 393**	–
	Carrying Value		
	As the Group acquired the assets of this business rather than the shares of the legal entity that previously owned such assets, it is impracticable to disclose the carrying amounts in the accounting records of the previous owners prior to the acquisition. In these circumstances the Group does not have access to such carrying values.		
	Contribution since acquisition:		
	Revenue	**10 708**	–
	Operating loss before finance cost and income tax	**(1 379)**	–
	Pro forma **contribution assuming the acquisition was at the beginning of the year:**		
	Revenue	**18 350**	–
	Operating loss before finance cost and income tax	**(361)**	–

	GROUP	
	2009 R'000	2008 R'000
44. Acquisitions (continued)		
44.2 Ceres Spring Water		
The assets of this beverages business were acquired on 1 November 2008 and can be summarised as follows:		
Fair Value		
Land and buildings	**3 000**	–
Plant and equipment	**1 700**	–
Inventory	**500**	–
Purchase consideration – settled in cash	**5 200**	–
Carrying Value		
As the Group acquired the assets of this business rather than the shares of the legal entity that previously owned such assets, it is impracticable to disclose the carrying amounts in the accounting records of the previous owners prior to the acquisition. In these circumstances the Group does not have access to such carrying values.		
Contribution since acquisition:		
Revenue	**6 439**	–
Operating profit before finance cost and income tax	**264**	–
***Pro forma* contribution assuming the acquisition was at the beginning of the year:**		
Revenue	**7 024**	–
Operating profit before finance cost and income tax	**288**	–

	Year of redemption	Interest rate at year-end (%)	GROUP 2009 R'000	GROUP 2008 R'000
45. Borrowings				
45.1 Secured financing			**1 214 981**	1 348 199
45.1.1 Lease agreements			**–**	12
Monthly payments	–	–	**–**	12
Instalment of Rnil (2008: R6,005).				
Property, plant and equipment with a book value of Rnil (2008: R147,750) are encumbered.				
45.1.2 Syndicated and other			**1 214 981**	1 348 187
Syndicated loans:				
Quarterly payments (amortising loans)	2013	8,6–8,8	**593 116**	705 510
Instalments from R6,295,025 to R15,700,323 (2008: R8,175,736 to R20,381,550).				
Quarterly payments (bullet loans)	2013	8,8–8,9	**603 050**	604 793
Instalments (interest only) from R3,305,170 to R6,805,085 (2008: from R5,208,000 to R10,393,500).				
Secured by mortgages over immovable property, special notarial bonds over specific items of property, plant and equipment and general notarial bonds over all movable assets of specific Group subsidiaries. Refer to note 24 for further detail.				
Other loans:				
Monthly payments	–	–	**–**	6 802
Instalment of Rnil (2008: R210,814).				
Secured by mortgages over land and buildings and a deed of hypothecation over movable assets.				
Monthly payments	2010	2,9	**257**	31 082
Various loans with fixed repayment dates.				
Secured by a charge over specific freehold assets of the specific subsidiary company.				
Semi-annual payments	2013	2,9	**18 558**	–
Instalment of R2,588,803 (2008: Rnil).				
Secured by a charge over specific freehold assets of the specific subsidiary company.				

				GROUP	
		Year of redemption	Interest rate at year-end (%)	2009 R'000	2008 R'000
45.	**Borrowings (continued)**				
45.2	***Unsecured financing***			**37 258**	27 739
	Loans			**16 271**	16 379
	Variable interest rates with no fixed terms of repayment.				
	Loans			**11 360**	11 360
	Interest free loans with no fixed terms of repayment.				
	Quarterly payments (bullet loans)	2019	9,5	**9 627**	–
	Instalments (interest only)				
	Total amount owing			**1 252 239**	1 375 938
	Portion of liabilities payable within one year included in current liabilities			**(155 679)**	(194 627)
	Secured financing				
	Lease agreements			**–**	(12)
	Syndicated and other			**(138 497)**	(182 505)
	Unsecured financing				
	Loans			**(17 182)**	(12 110)
				1 096 560	1 181 311
	Note:				
	Book value of machinery and vehicles encumbered in terms of lease agreements as per note 48.			**–**	1 310

45.3 Minimum lease payments and hire purchase payments

	Capital R'000	Interest cost R'000	Instalment R'000
2009			
Not later than 1 year	**–**	**–**	**–**
Later than 1 year and not later than 5 years	**–**	**–**	**–**
	–	**–**	**–**
2008			
Not later than 1 year	12	4	16
Later than 1 year and not later than 5 years	–	–	–
	12	4	16

			GROUP		
Name of subsidiary (Pty) Ltd (except where indicated otherwise)	**Country of incorporation**	**Issued share capital of subsidiary**		**Percentage interest**	
		2009 R	2008 R	**2009 %**	2008 %
		(except where indicated otherwise)			
46. Interest in subsidiaries and interest in and loans to joint ventures					
46.1 Subsidiaries					
46.1.1 Manufacturing					
Agri Protein Processing	@ South Africa	–	100	–	100
Barvale	South Africa	92 200	92 200	100	100
Belso's Holdings Ltd	€ United Kingdom	GBP 1	GBP 1	100	100
Belso's Properties Ltd	€ United Kingdom	GBP 1	GBP 1	100	100
Belso's (UK) Cereals Ltd	€ United Kingdom	GBP 1	GBP 1	100	100
Bokomo Foods (UK) Ltd	United Kingdom	GBP 2 500 120	GBP 2 500 120	100	100
Bokomo Uganda	Uganda	UShs 335 400 500	UShs 20 000	100	100
Bokomo Zambia Ltd	Zambia				
– Ordinary shares		K 1 800 000	K 1 800 000	100	100
– Preference shares		K 200 000	K 200 000	100	100
Ceres Fruit Juices	South Africa	100 000	100 000	100	100
Continental Beverages	South Africa	1 000	1 000	100	100
Credin Bakery Supplies	@ South Africa	–	1	–	100
Grain Health Foods (UK) Ltd	€ United Kingdom	GBP 1	GBP 1	100	100
Laeveld Neute	‡ South Africa	1	1	100	100
Maitland Vinegar Works	South Africa	460 593	460 593	74.8	67.9
Pioneer Foods	South Africa	252	252	100	100
Retail Brands Interafrica	South Africa	1 000	1 000	100	100
S.A.D Vine Fruit	@ South Africa	–	1 000	–	100
Sador Boerdery	@ South Africa	–	1	–	100
Safari Nuts	‡# South Africa	204	204	100	100
Sasko Pasta	South Africa	1 000	1 000	100	100
46.1.2 Properties and letting					
Saslink Leasing	South Africa	1	1	100	100
Sasned	€ South Africa	2	2	100	100
46.1.3 Investments					
Ceres Fruit Juices Investment Holdings	€ South Africa	200	200	100	100
Ceres Investment Company	€ South Africa	195 000	195 000	100	100
Pioneer Foods Holdings Ltd	South Africa	220	220	100	100
46.1.4 Services					
Sasguard Insurance Company Ltd	South Africa	30 000	30 000	100	100
46.1.5 Packaging					
Craft Box Corrugated	@ South Africa	–	200	–	100

		GROUP			
Name of joint venture (Pty) Ltd	**Country of incorporation**	**Percentage interest**		**Loans**	
		2009 %	2008 %	**2009 R'000**	2008 R'000
46. Interest in subsidiaries and interest in and loans to joint ventures (continued)					
46.2 Joint ventures					
Manufacturing					
Alpen Food Company South Africa	South Africa	**50**	50	**4 142**	4 207
Bokomo Botswana	Botswana	**50**	50	**–**	–
Bokomo Namibia	Namibia	**50**	50	**8 434**	8 433
Bowman Ingredients (SA)	South Africa	**50**	50	**(1 804)**	2 174
Heinz Foods SA	South Africa	**50**	50	**20 999**	11 360
Lohmann Breeding SA	South Africa	**50**	50	**750**	750
Sosoy	South Africa	**50**	50	**2 945**	2 945
				35 466	29 869

The carrying value of loans to joint ventures approximates their fair value at the balance sheet date and is denominated in the functional currency of the Group. No significant risk concentrations exist outside South Africa.

Financial assets that are neither past due nor impaired are considered to be fully performing. The total carrying amount of loans to joint ventures was fully performing at year-end. The credit quality of these fully performing loans is considered to be good based on historical default rates.

Notes:

@ Deregistered during 2009.

‡ Dormant at 30 September 2009 and in process of deregistration.

€ Dormant at 30 September 2009.

Dormant at 30 September 2009 after assets and liabilities were transferred to another Group company during the year in terms of section 45 of the Income Tax Act, Act 58 of 1962 (as amended).

		GROUP					
Name of associate (Pty) Ltd	**Country of incorporation**	**Percentage interest**		**Cost of shares**		**Loans**	
		2009 %	2008 %	2009 R'000	2008 R'000	2009 R'000	2008 R'000
47. Investment in associate							
Farming							
Bergsig Breeders	South Africa	**28**	28	**1 700**	1 700	**–**	–
Interest in retained profit and reserves				**1 229**	790		
Balance beginning of year				**790**	72		
Profit for the year				**439**	718		
				2 929	2 490		
Directors' valuation of unlisted shares				**2 929**	2 490		
The following is the summarised balance sheet of the above-mentioned associated company:							
Non-current assets				**16 841**	17 990		
Current assets				**17 123**	10 758		
Total assets				**33 964**	28 748		
Non-current liabilities				**17 683**	18 452		
Current liabilities				**7 651**	3 234		
Total liabilities				**25 334**	21 686		
Capital and reserves				**8 630**	7 062		
Total equity and liabilities				**33 964**	28 748		
The following is the summarised income statement of the associated company (after interest was acquired):							
Revenue				**39 973**	36 293		
Operating profit				**4 653**	5 709		
Net profit after income tax				**1 568**	2 564		

GROUP

48. Property, plant, equipment and intangible assets

Own assets	Land and buildings R'000	Plant machinery & equipment R'000	Vehicles R'000	Leased Assets: Plant machinery & equipment R'000	Leased Assets: Vehicles R'000
30 September 2009					
Cost					
At 1 October 2008	1 031 820	2 977 680	460 035	7 112	40
Additions	98 207	315 412	23 470	–	–
Transfers	51 813	(50 437)	768	(6 831)	–
Business combinations	21 132	6 506	–	–	–
Foreign exchange adjustment	(7 609)	(14 148)	(381)	–	–
Disposals	(8 155)	(42 981)	(16 541)	(281)	–
At 30 September 2009	1 187 208	3 192 032	467 351	–	40
Accumulated depreciation					
At 1 October 2008	198 231	1 157 750	172 178	5 802	40
Charge for the year	23 355	194 376	31 602	87	–
Transfers	3	5 613	20	(5 636)	–
Impairments	–	8 711	–	–	–
Foreign exchange adjustment	(645)	(9 948)	(159)	–	–
Depreciation on disposals	(1 286)	(24 245)	(7 634)	(253)	–
At 30 September 2009	219 658	1 332 257	196 007	–	40
Net book value at 30 September 2009	967 550	1 859 775	271 344	–	–
Total – 2009	3 098 669			–	
Total property, plant and equipment – 2009	3 098 669				

Own assets	Land and buildings R'000	Plant machinery & equipment R'000	Vehicles R'000	Leased Assets: Plant machinery & equipment R'000	Leased Assets: Vehicles R'000
30 September 2008					
Cost					
At 1 October 2007	818 787	2 634 421	420 415	7 288	40
Additions	129 581	449 511	52 271	–	–
Transfers	85 029	(86 568)	1 007	–	–
Business combinations	6 004	22 500	1 106	–	–
Foreign exchange adjustment	1 879	8 376	419	–	–
Disposals	(9 460)	(50 560)	(15 183)	(176)	–
At 30 September 2008	1 031 820	2 977 680	460 035	7 112	40
Accumulated depreciation					
At 1 October 2007	178 256	1 006 771	149 375	5 864	40
Charge for the year	20 278	181 874	30 735	95	–
Transfers	1 475	(2 207)	108	–	–
Impairments	–	2 747	–	–	–
Business combinations	77	3 889	17	–	–
Foreign exchange adjustment	1 688	4 532	413	–	–
Depreciation on disposals	(3 543)	(39 856)	(8 470)	(157)	–
At 30 September 2008	198 231	1 157 750	172 178	5 802	40
Net book value at 30 September 2008	833 589	1 819 930	287 857	1310	–
Total – 2008	2 941 376			1310	
Total property, plant and equipment – 2008	2 942 686				

GROUP

48. Property, plant, equipment and intangible assets (continued)

Intangible assets

	Trademarks R'000	Goodwill R'000	Intellectual Property R'000	Computer Software R'000
30 September 2009				
Cost				
At 1 October 2008	477 851	287 278	19 859	98 937
Additions	–	–	–	28 537
Transfers	–	–	–	4 687
Business combinations	–	1 951	2 926	–
Foreign exchange adjustment	(346)	(4 252)	–	(50)
Disposals	–	–	–	(93)
At 30 September 2009	477 505	284 977	22 785	132 018
Accumulated depreciation				
At 1 October 2008	110 808	17 719	3 614	72 269
Charge for the year	2 041	–	2 067	15 558
Foreign exchange adjustment	(191)	(8)	–	(49)
Impairments	–	44 641	–	–
Depreciation on disposals	–	–	–	(93)
At 30 September 2009	112 658	62 352	5 681	87 685
Net book value at 30 September 2009	364 847	222 625	17 104	44 333
Total intangible assets – 2009	648 909			
30 September 2008				
Cost				
At 1 October 2007	477 726	284 928	18 659	82 243
Additions	–	–	–	16 405
Transfers	–	–	–	532
Business combinations	–	3 792	1 200	–
Foreign exchange adjustment	125	1 358	–	25
Disposals	–	(2 800)	–	(268)
At 30 September 2008	477 851	287 278	19 859	98 937
Accumulated depreciation				
At 1 October 2007	104 679	4 682	1 768	56 775
Charge for the year	2 426	–	1 846	15 005
Transfers	–	–	–	624
Impairments	3 694	15 837	–	–
Foreign exchange adjustment	9	–	–	35
Depreciation on disposals	–	(2 800)	–	(170)
At 30 September 2008	110 808	17 719	3 614	72 269
Net book value at 30 September 2008	367 043	269 559	16 245	26 668
Total intangible assets – 2008	679 515			

	GROUP					
	2009 '000 Foreign Amount	2009 R'000 Rand Amount	2009 R'000 Fair Value	2008 '000 Foreign Amount	2008 R'000 Rand Amount	2008 R'000 Fair Value
49. Financial instruments						
49.1 Derivative instruments earmarked for hedging (cash flow hedges)						
49.1.1 Commodity instruments						
Futures			(17 379)			(39 070)
49.1.2 Currency forward contracts						
Purchases of foreign exchange contracts						
United States dollar	14 487	107 783	(3 648)	25 544	211 765	10 829
49.1.3 Interest rate derivatives			(67 233)			(47 251)
Swaps			(10 806)			(13 144)
Collars			(58 207)			(34 107)
Ineffective portion not designated for hedging			815			–
Portion of next swap settlement recognised			965			–
Hedging reserve			(88 260)			(75 492)
49.2 Other derivative instruments						
49.2.1 Currency forward contracts						
Purchases of foreign exchange contracts						
United States dollar	18 841	145 812	(2 976)	8 165	67 720	(1 922)
Euro	2 997	33 901	(634)	277	3 289	(216)
Australian dollar	261	1 767	(277)	4 500	30 214	(2 501)
Swiss frank	–	–	–	791	5 877	(16)
Sales of foreign exchange contracts						
United States dollar	1 233	9 368	74	10 284	86 459	(1 404)
Euro	125	1 392	12	282	3 307	(45)
49.2.2 Interest rate derivatives						
Swaps			–			1 263
Collars			(3 461)			1 312

	GROUP		
	Capital R'000	Interest R'000	Total R'000
50. Maturity analysis of financial liabilities			
30 September 2009			
Not later than 1 year			
Borrowings excluding bank overdrafts and call loans	155 679	101 025	256 704
Trade and other payables	1 279 174	–	1 279 174
Cash flow hedges earmarked for hedging	46 231	–	46 231
Other derivative financial instruments	7 376	–	7 376
Dividends payable	147	–	147
	1 488 607	101 025	1 589 632
Between 1 and 2 years			
Borrowings excluding bank overdrafts and call loans	148 236	91 314	239 550
Cash flow hedges earmarked for hedging	22 461	–	22 461
	170 697	91 314	262 011
Between 2 and 5 years			
Borrowings excluding bank overdrafts and call loans	948 324	146 896	1 095 220
Cash flow hedges earmarked for hedging	3 969	–	3 969
	952 293	146 896	1 099 189
Total			
Borrowings excluding bank overdrafts and call loans	1 252 239	339 235	1 591 474
Trade and other payables	1 279 174	–	1 279 174
Cash flow hedges earmarked for hedging	72 661	–	72 661
Other derivative financial instruments	7 376	–	7 376
Dividends payable	147	–	147
	2 611 597	339 235	2 950 832

Note: Financial liabilities do not include provisions, accruals for 13th cheque, deferred revenue, leave and VAT amounts payable.

	GROUP		
	Capital R'000	Interest R'000	Total R'000
50. Maturity analysis of financial liabilities (continued)			
30 September 2008			
Not later than 1 year			
Borrowings excluding bank overdrafts and call loans	194 627	166 009	360 636
Borrowings – call loans	289 000	36 270	325 270
Trade and other payables	1 285 616	–	1 285 616
Cash flow hedges earmarked for hedging	9 858	–	9 858
Other derivative financial instruments	6 416	–	6 416
Dividends payable	223	–	223
	1 785 740	202 279	1 988 019
Between 1 and 2 years			
Borrowings excluding bank overdrafts and call loans	143 629	154 365	297 994
Cash flow hedges earmarked for hedging	19 261	–	19 261
	162 890	154 365	317 255
Between 2 and 5 years			
Borrowings excluding bank overdrafts and call loans	1 037 682	353 883	1 391 565
Cash flow hedges earmarked for hedging	18 133	–	18 133
	1 055 815	353 883	1 409 698
Total			
Borrowings excluding bank overdrafts and call loans	1 375 938	674 257	2 050 195
Borrowings – call loans	289 000	36 270	325 270
Trade and other payables	1 285 616	–	1 285 616
Cash flow hedges earmarked for hedging	47 252	–	47 252
Other derivative financial instruments	6 416	–	6 416
Dividends payable	223	–	223
	3 004 445	710 527	3 714 972

Note: Financial liabilities do not include provisions, accruals for 13th cheque, deferred revenue, leave and VAT amounts payable.

	GROUP			
	Loans and receivables R'000	Assets at fair value through profit and loss R'000	Available-for-sale R'000	Total R'000
51. Financial instruments by category				
30 September 2009				
Assets as per balance sheet				
Loans to joint ventures	35 466	–	–	35 466
Available-for-sale financial assets	–	–	31 728	31 728
Derivative financial instruments	–	114	–	114
Trade and other receivables (refer to note 1 below)	1 523 877	–	–	1 523 877
Cash and cash equivalents	597 529	–	–	597 529
Total	2 156 872	114	31 728	2 188 714

	Liabilities at fair value through profit and loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
Liabilities as per balance sheet				
Borrowings	–	–	1 257 652	1 257 652
Derivative financial instruments	7 376	72 661	–	80 037
Trade and other payables (refer to note 2 below)	–	–	1 279 174	1 279 174
Dividends payable	–	–	147	147
Total	7 376	72 661	2 536 973	2 617 010

Note 1: Financial assets do not include prepaid expenses and VAT amounts receivable.

Note 2: Financial liabilities do not include provisions, deferred revenue, accruals for 13th cheque, leave and VAT amounts payable.

GROUP

	Loans and receivables R'000	Assets at fair value through profit and loss R'000	Derivatives used for hedging R'000	Available-for-sale R'000	Total R'000
51. Financial instruments by category (continued)					
30 September 2008					
Assets as per balance sheet					
Loans to joint ventures	29 869	–	–	–	29 869
Available-for-sale financial assets	–	–	–	29 190	29 190
Derivative financial instruments	–	2 888	10 829	–	13 717
Trade and other receivables (refer to note 1 below)	1 661 520	–	–	–	1 661 520
Cash and cash equivalents	225 731	–	–	–	225 731
Total	1 917 120	2 888	10 829	29 190	1 960 027

	Liabilities at fair value through profit and loss R'000	Derivatives used for hedging R'000	Other financial liabilities R'000	Total R'000
Liabilities as per balance sheet				
Borrowings	–	–	1 680 649	1 680 649
Derivative financial instruments	6 417	47 251	–	53 668
Trade and other payables (refer to note 2 below)	–	–	1 285 616	1 285 616
Dividends payable	–	–	223	223
Total	6 417	47 251	2 966 488	3 020 156

Note 1: Financial assets do not include prepaid expenses and VAT amounts receivable.

Note 2: Financial liabilities do not include provisions, deferred revenue, accruals for 13th cheque, leave and VAT amounts payable.

	GROUP								
	Basic salary R'000	Travel allow-ances R'000	Perfor-mance bonuses R'000	Fringe benefits R'000	Retirement fund contribu-tions R'000	Directors' fees R'000	Consulting and legal fees R'000	Gains on exercise of share options R'000	Total R'000
52. Directors' remuneration									
30 September 2009									
Executives									
WA Hanekom	3 953	89	3 242	–	278	–	–	–	7 562
LR Cronjé	1 751	152	1 622	–	222	–	–	611	4 358
MT Swanepoel	1 717	186	1 598	182	222	–	–	–	3 905
TA Carstens	1 795	160	1 708	–	322	–	–	7 621	11 606
Total executives	9 216	587	8 170	182	1 044	–	–	8 232	27 431
Non-executives									
HE Blanckenberg	–	10	–	–	–	312	–	–	322
JA Louw	–	3	–	–	–	180	–	–	183
WA Agenbach	–	10	–	–	–	135	–	–	145
AW Bester	–	4	–	–	–	135	–	–	139
GD Eksteen	–	4	–	–	–	135	–	–	139
JN Hamman (*)	–	5	–	–	–	53	–	–	58
AE Jacobs	–	3	–	–	–	127	–	–	130
NS Mjoli-Mncube	–	66	–	–	–	135	–	–	201
JF Mouton (**)	–	–	–	–	–	37	–	–	37
AH Sangqu	–	40	–	–	–	180	–	–	220
AC Singleton	–	46	–	–	–	135	–	–	181
Dr FA Sonn	–	2	–	–	–	135	–	–	137
Dr MI Survé	–	2	–	–	–	135	–	–	137
JH van Niekerk	–	4	–	–	–	135	–	–	139
Total non-executives	–	199	–	–	–	1 969	–	–	2 168
Total directors	9 216	786	8 170	182	1 044	1 969	–	8 232	29 599

* Resigned 20 February 2009.
** Appointed 20 May 2009.

	GROUP								
	Basic salary R'000	Travel allow-ances R'000	Perfor-mance bonuses R'000	Fringe benefits R'000	Retirement fund contribu-tions R'000	Directors' fees R'000	Consulting and legal fees R'000	Gains on exercise of share options R'000	Total R'000
52. Directors' remuneration (continued)									
30 September 2008									
Executives									
WA Hanekom	3 372	89	–	335	433	–	–	–	4 229
LR Cronjé	1 565	152	–	–	199	–	–	–	1 916
MT Swanepoel	1 532	186	–	–	199	–	–	3 127	5 044
TA Carstens	1 637	160	–	–	242	–	–	–	2 039
Total executives	8 106	587	–	335	1 073	–	–	3 127	13 228
Non-executives									
HE Blanckenberg	–	19	–	–	–	260	–	–	279
JA Louw	–	22	–	–	–	160	–	–	182
WA Agenbach	–	13	–	–	–	121	–	–	134
AW Bester	–	5	–	–	–	73	–	–	78
GD Eksteen	–	17	–	–	–	121	–	–	138
JN Hamman (*)	–	17	–	–	–	146	–	–	163
AE Jacobs	–	–	–	–	–	14	–	–	14
NS Mjoli-Mncube	–	37	–	–	–	121	–	–	158
AH Sangqu	–	42	–	–	–	135	–	–	177
AC Singleton	–	35	–	–	–	121	–	–	156
Dr FA Sonn	–	2	–	–	–	121	–	–	123
Dr MI Survé	–	6	–	–	–	121	–	–	127
CJ Truter (**)	–	4	–	–	–	48	–	–	52
JH van Niekerk	–	12	–	–	–	121	–	–	133
Total non-executives	–	231	–	–	–	1 683	–	–	1 914
Total directors	8 106	818	–	335	1 073	1 683	–	3 127	15 142

* Resigned 20 February 2009.
** Resigned 22 February 2008.

	GROUP			
	Number of shares			
	Direct	Indirect	Total	% of issued ordinary share capital
53. Directors' interest in shares				
The direct and indirect interests of the directors in the issued share capital of the Company are reflected in the table below:				
30 September 2009				
WA Hanekom	**524 999**	**441 890**	**966 889**	**0.48**
LR Cronjé	**375 000**	**55 000**	**430 000**	**0.21**
MT Swanepoel	**360 000**	**–**	**360 000**	**0.18**
TA Carstens	**380 665**	**–**	**380 665**	**0.19**
HE Blanckenberg	**170 748**	**249 895**	**420 643**	**0.21**
JA Louw	**–**	**66 170**	**66 170**	**0.03**
WA Agenbach	**38 057**	**–**	**38 057**	**0.02**
AW Bester	**–**	**–**	**–**	**–**
GD Eksteen	**–**	**573 927**	**573 927**	**0.28**
AE Jacobs	**–**	**–**	**–**	**–**
NS Mjoli-Mncube	**–**	**–**	**–**	**–**
JF Mouton (**)	**–**	**–**	**–**	**–**
AH Sangqu	**–**	**–**	**–**	**–**
AC Singleton	**–**	**–**	**–**	**–**
Dr FA Sonn	**–**	**31 700**	**31 700**	**0.02**
Dr MI Survé	**–**	**–**	**–**	**–**
JH van Niekerk	**–**	**–**	**–**	**–**
	1 849 469	**1 418 582**	**3 268 051**	**1.62**
30 September 2008				
WA Hanekom	599 530	467 423	1 066 953	0.53
LR Cronjé	375 000	55 000	430 000	0.21
MT Swanepoel	360 000	–	360 000	0.18
TA Carstens	123 668	–	123 668	0.06
HE Blanckenberg	170 748	249 895	420 643	0.21
JA Louw	–	60 000	60 000	0.03
WA Agenbach	22 057	–	22 057	0.01
AW Bester	–	–	–	–
GD Eksteen	–	573 927	573 927	0.29
JN Hamman (*)	–	330 848	330 848	0.16
AE Jacobs	–	–	–	–
NS Mjoli-Mncube	–	–	–	–
AH Sangqu	–	–	–	–
AC Singleton	–	–	–	–
Dr FA Sonn	–	31 700	31 700	0.02
Dr MI Survé	–	–	–	–
JH van Niekerk	–	–	–	–
	1 651 003	1 768 793	3 419 796	1.70

* Resigned 20 February 2009.

** Appointed 20 May 2009.

	GROUP						
Directors	Number of options initially allocated	Date awarded	Strike price (cents)	Exercisable up to date	Number of options exercised	Number of options redeemed	Number of options not redemed
54. Directors' share options and share appreciation rights							
54.1 Directors' share options							
Detail of directors' share options are shown below:							
30 September 2009							
WA Hanekom	722 500	2004/05/27	865	2014/05/27	722 500	60 000	662 500
	73 550	2004/12/24	1 405	2014/12/24	–	–	73 550
	78 545	2006/01/25	2 186	2016/01/25	–	–	78 545
	47 740	2007/02/12	3 142	2017/02/12	–	–	47 740
	68 122	2008/05/26	2 500	2014/05/27	–	–	68 122
LR Cronjé	367 900	2004/05/27	865	2014/05/27	367 900	122 000	245 900
	43 950	2004/12/24	1 405	2014/12/24	–	–	43 950
	32 716	2006/01/25	2 186	2016/01/25	–	–	32 716
	21 006	2007/02/12	3 142	2017/02/12	–	–	21 006
	28 369	2008/05/26	2 500	2014/05/27	–	–	28 369
MT Swanepoel	374 500	2004/05/27	865	2014/05/27	374 500	225 000	149 500
	44 600	2004/12/24	1 405	2014/12/24	–	–	44 600
	29 686	2006/01/25	2 186	2016/01/25	–	–	29 686
	21 006	2007/02/12	3 142	2017/02/12	–	–	21 006
	15 372	2008/05/26	2 500	2014/05/27	–	–	15 372
TA Carstens	374 500	2004/05/27	865	2014/05/27	374 500	374 500	–
	66 300	2004/12/24	1 405	2014/12/24	–	–	66 300
	30 492	2006/01/25	2 186	2016/01/25	–	–	30 492
	22 677	2007/02/12	3 142	2017/02/12	–	–	22 677
	38 508	2008/05/26	2 500	2014/05/27	–	–	38 508
30 September 2008							
WA Hanekom	722 500	2004/05/27	865	2014/05/27	722 500	60 000	662 500
	73 550	2004/12/24	1 405	2014/12/24	–	–	73 550
	78 545	2006/01/25	2 186	2016/01/25	–	–	78 545
	47 740	2007/02/12	3 142	2017/02/12	–	–	47 740
	68 122	2008/05/26	2 500	2014/05/27	–	–	68 122
LR Cronjé	367 900	2004/05/27	865	2014/05/27	367 900	92 000	275 900
	43 950	2004/12/24	1 405	2014/12/24	–	–	43 950
	32 716	2006/01/25	2 186	2016/01/25	–	–	32 716
	21 006	2007/02/12	3 142	2017/02/12	–	–	21 006
	28 369	2008/05/26	2 500	2014/05/27	–	–	28 369
MT Swanepoel	374 500	2004/05/27	865	2014/05/27	374 500	225 000	149 500
	44 600	2004/12/24	1 405	2014/12/24	–	–	44 600
	29 686	2006/01/25	2 186	2016/01/25	–	–	29 686
	21 006	2007/02/12	3 142	2017/02/12	–	–	21 006
	15 372	2008/05/26	2 500	2014/05/27	–	–	15 372
TA Carstens	374 500	2004/05/27	865	2014/05/27	374 500	–	374 500
	66 300	2004/12/24	1 405	2014/12/24	–	–	66 300
	30 492	2006/01/25	2 186	2016/01/25	–	–	30 492
	22 677	2007/02/12	3 142	2017/02/12	–	–	22 677
	38 508	2008/05/26	2 500	2014/05/27	–	–	38 508

	GROUP						
Directors	**Number of SARs initially allocated**	**Date awarded**	**Strike price (cents)**	**Exercisable up to date**	**Number of SARs exercised**	**Number of SARs redeemed**	**Number of SARs not redemed**
54. Directors' share options and share appreciation rights (continued)							
54.2 Directors' share appreciation rights (SARs)							
Detail of directors' share appreciation rights are shown below:							
30 September 2009							
WA Hanekom	**61 931**	**2008/06/09**	**2 548**	**2018/06/09**	**–**	**–**	**61 931**
	52 264	**2009/02/27**	**2 420**	**2019/02/27**	**–**	**–**	**52 264**
LR Cronjé	**30 024**	**2008/06/09**	**2 548**	**2018/06/09**	**–**	**–**	**30 024**
	25 785	**2009/02/27**	**2 420**	**2019/02/27**	**–**	**–**	**25 785**
MT Swanepoel	**30 024**	**2008/06/09**	**2 548**	**2018/06/09**	**–**	**–**	**30 024**
	25 785	**2009/02/27**	**2 420**	**2019/02/27**	**–**	**–**	**25 785**
TA Carstens	**31 790**	**2008/06/09**	**2 548**	**2018/06/09**	**–**	**–**	**31 790**
	27 595	**2009/02/27**	**2 420**	**2019/02/27**	**–**	**–**	**27 595**
30 September 2008							
WA Hanekom	61 931	2008/06/09	2 548	2018/06/09	–	–	61 931
LR Cronjé	30 024	2008/06/09	2 548	2018/06/09	–	–	30 024
MT Swanepoel	30 024	2008/06/09	2 548	2018/06/09	–	–	30 024
TA Carstens	31 790	2008/06/09	2 548	2018/06/09	–	–	31 790

GROUP

55. Shareholder information

Shareholder spread

Category	Number of shareholders	% of shareholders	Number of shares	% of total shares
Ordinary shares				
Individuals	4 200	81.5	30 338 218	15.1
Nominees and trusts	595	11.5	14 118 363	7.0
Investment companies and corporate bodies	363	7.0	149 969 212	74.5
Staff share scheme	1	–	6 758 105	3.4
	5 159	100.0	201 183 898	100.0

Non-public/public shareholders

Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2009, is as follows:

Analysis of shareholding	Number of shareholders	% of shareholders	Number of shares	% of total shares
Ordinary shares				
Public shareholding	5 146	99.8	95 470 617	47.5
Non-public shareholding				
Directors (including subsidiary directors)	9	0.2	3 268 051	1.6
Pioneer Foods Share Incentive Trust	1	–	6 758 105	3.4
Pioneer Foods (Pty) Ltd	1	–	17 982 056	8.9
Agri Voedsel Beleggings (Pty) Ltd	1	–	55 627 707	27.6
Moorreesburgse Koringboere (Pty) Ltd	1	–	22 077 362	11.0
	5 159	100.0	201 183 898	100.0

Distribution of ordinary shareholders

Number of shares	Number of ordinary shareholders	%	Number of ordinary shares	% of total shares
1–1 000 shares	2 351	45.6	811 061	0.4
1 001–10 000 shares	1 949	37.8	6 824 684	3.4
10 001–50 000 shares	576	11.2	12 889 874	6.4
50 001–100 000 shares	116	2.3	8 174 599	4.1
100 001–500 000 shares	139	2.7	27 253 162	13.5
500 001 shares and over	28	0.4	145 230 518	72.2
	5 159	100.0	201 183 898	100.0

COMPANY ANNUAL FINANCIAL STATEMENTS

PIONEER FOOD GROUP LIMITED

INCOME STATEMENT
for the year ended 30 September 2009

		COMPANY	
	Notes	2009 R'000	2008 R'000
Other income		3 200	3 048
Administrative expenses		(1 201)	(6 561)
Other operating expenses		(1 992)	(1 683)
Operating profit/(loss)	3	7	(5 196)
Investment income	4	208 891	177 855
Profit before income tax		208 898	172 659
Income tax expense	5	(50)	(338)
Profit for the year		208 848	172 321

BALANCE SHEET
as at 30 September 2009

		COMPANY	
	Notes	2009 R'000	2008 R'000
ASSETS			
Non-current assets		106 951	60 498
Investment in subsidiaries	6	106 951	60 498
Current assets		2 029 353	1 820 311
Loan to subsidiary		2 027 451	1 818 562
Current income tax asset		152	–
Cash and cash equivalents	7	1 750	1 749
Total Assets		2 136 304	1 880 809
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Company		1 615 900	1 607 868
Share capital – Ordinary shares	8	20 118	20 118
Share capital – Class A ordinary shares	8	1 140	1 262
Share premium		1 216 262	1 216 758
Other reserves		36 830	31 740
Retained earnings		341 550	337 990
Non-current liabilities			
Share-based payment liability	9	57 107	19 424
Current liabilities		463 297	253 517
Trade and other payables	10	276	319
Current income tax liability		–	29
Borrowings from subsidiary		462 874	252 946
Dividends payable		147	223
Total Liabilities		520 404	272 941
Total Equity and Liabilities		2 136 304	1 880 809

PIONEER FOOD GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2009

	COMPANY					
	Share capital ordinary shares R'000	Share capital class A ordinary shares R'000	Share premium R'000	Equity compen-sation reserve R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2008	**20 118**	**1 262**	**1 216 758**	**31 740**	**337 990**	**1 607 868**
Profit for the year	**–**	**–**	**–**	**–**	**208 848**	**208 848**
Recognition of share-based payments	**–**	**–**	**–**	**5 090**	**–**	**5 090**
Employee share scheme – repurchase of class A ordinary shares from leavers	**–**	**(122)**	**(496)**	**–**	**–**	**(618)**
Final dividend for 2008	**–**	**–**	**–**	**–**	**(132 781)**	**(132 781)**
Interim dividend for 2009	**–**	**–**	**–**	**–**	**(72 426)**	**(72 426)**
Employee share scheme – stamp duty on share transactions	**–**	**–**	**–**	**–**	**(81)**	**(81)**
Balance as at 30 September 2009	**20 118**	**1 140**	**1 216 262**	**36 830**	**341 550**	**1 615 900**
Balance as at 1 October 2007	18 118	1 421	734 699	54 838	339 718	1 148 794
Profit for the year	–	–	–	–	172 321	172 321
Rights issue of shares	2 000	–	498 000	–	–	500 000
Costs of rights issue of shares	–	–	(14 333)	–	–	(14 333)
Re-allocate cash-settled share-based payment balance to share-based payment liability	–	–	–	(28 164)	–	(28 164)
Recognition of share-based payments	–	–	–	5 066	–	5 066
Employee share scheme – repurchase of class A ordinary shares from leavers	–	(159)	(1 608)	–	–	(1 767)
Final dividend for 2007	–	–	–	–	(119 581)	(119 581)
Interim dividend for 2008	–	–	–	–	(54 355)	(54 355)
Employee share scheme – stamp duty on share transactions	–	–	–	–	(113)	(113)
Balance as at 30 September 2008	20 118	1 262	1 216 758	31 740	337 990	1 607 868

PIONEER FOOD GROUP LIMITED

CASH FLOW STATEMENT
for the year ended 30 September 2009

		COMPANY	
	Notes	2009 R'000	2008 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**(267)**	(5 820)
Net cash profit/(loss) from operating activities	12	**7**	(5 196)
Working capital changes	13	**(43)**	(296)
Income tax paid	15	**(231)**	(328)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**2**	4
Loans granted to related parties		**(208 889)**	(177 851)
Interest received		**2**	4
Dividends received		**208 889**	177 851
NET CASH FLOW FROM FINANCING ACTIVITIES		**266**	5 800
Proceeds from rights issue		**–**	485 667
Class A ordinary shares bought back		**(699)**	(1 880)
Dividends paid to ordinary shareholders	14	**(205 283)**	(174 017)
Dividends paid to class A ordinary shareholders	14	**(3 680)**	(3 913)
Proceeds from/(repayments of) borrowings from subsidiary		**209 928**	(300 057)
Net increase/(decrease) in cash and cash equivalents		**1**	(16)
Net cash and cash equivalents at beginning of year		**1 749**	1 765
Net cash and cash equivalents at end of year	7	**1 750**	1 749

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2009

		COMPANY	
		2009 R'000	2008 R'000
1.	**Accounting policies**		
	The Company applies the same principal accounting policies as the Group in the preparation of these financial statements. Refer to note 1 of the Group financial statements.		
2.	**Critical accounting estimates and judgements**		
	The Company applies the same accounting estimates and judgements as the Group. Refer to note 2 of the Group financial statements.		
3.	**Operating profit**		
	Operating profit is calculated after taking into account the following:		
3.1	***Other income***		
	Administration fees received	**3 200**	3 000
3.2	***Operating expenditure***		
	Administration fees paid	**1 200**	720
	Technical services from non-employees	**–**	5 832
4.	**Investment income**		
	Interest income on financial assets: loans and receivables		
	Cash and cash equivalents	**2**	4
	Dividends received		
	Unlisted shares in subsidiary: Pioneer Foods Holdings Ltd	**208 889**	177 851
		208 891	177 855
5.	**Income tax expense**		
	Current income tax		
	Current year	**2**	166
	Secondary taxation on companies		
	Current year	**48**	172
		50	338
	The income tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory rate of 28% (2008: 28%) as follows:		
		%	%
	Standard rate for companies	**28.0**	28.0
	Increase/(decrease) in rate:		
	Exempt income	**(28.0)**	(28.9)
	Secondary taxation on companies	**–**	0.1
	Non-deductible expenditure	**–**	1.0
	Effective rate	**–**	0.2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

		COMPANY	
		2009 R'000	2008 R'000
6.	**Investment in subsidiaries**		
	Unlisted shares in other companies at cost		
	Pioneer Foods Holdings Ltd	**–**	–
	Capital contribution towards subsidiaries		
	Pioneer Foods (Pty) Ltd	**100 772**	54 319
	Ceres Fruit Juices (Pty) Ltd	**6 179**	6 179
		106 951	60 498
7.	**Cash and cash equivalents**		
	Cash at bank and on hand	**1 750**	1 749
	For the purposes of the cash flow statement, the year-end cash, cash equivalents and bank overdrafts comprise of the following:		
	Cash and short-term investments	**1 750**	1 749
8.	**Share capital**		
	Refer to note 21 of the Group financial statements.		
9.	**Share-based payment liability**		
	Balance at beginning of year	**19 424**	–
	Transfer from equity compensation reserve	**–**	28 164
	Share-based payment	**41 363**	(4 829)
	Dividends paid to class A ordinary shares	**(3 680)**	(3 911)
		57 107	19 424
10.	**Trade and other payables**		
	Value-added tax	**276**	319
11.	**Related party transactions**		
	During the financial year the Company conducted the following transactions with its subsidiaries:		
11.1	***Sale of services***		
	Administration fees charged to Group subsidiary	**3 200**	3 000
11.2	***Purchase of services***		
	Administration fees charged by Group subsidiary	**1 200**	720
11.3	***Loans to related parties***		
	Loan to Pioneer Foods Holdings Ltd		
	Beginning of year	**1 818 562**	1 640 711
	Loans advanced during the year	**208 889**	177 851
	End of year	**2 027 451**	1 818 562
	Unsecured interest free loan with no fixed terms of repayment.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

		COMPANY	
		2009 R'000	2008 R'000
11.	**Related party transactions (continued)**		
	During the financial year the Company conducted the following transactions with its subsidiaries:		
11.4	***Loans from related parties***		
	Loan from Pioneer Foods (Pty) Ltd		
	Beginning of year	**252 946**	553 003
	Loans received during the year	**216 186**	205 450
	Loan repayments made	**(6 258)**	(505 507)
	End of year	**462 874**	252 946
	Unsecured interest free loan with no fixed terms of repayment.		
12.	**Net cash profit/(loss) from operating activities**		
	Reconciliation of profit before income tax and cash profit/(loss) from operating activities:		
	Profit before income tax	**208 898**	172 659
	Adjusted for:		
	Dividends received	**(208 889)**	(177 851)
	Interest received	**(2)**	(4)
		7	(5 196)
13.	**Working capital changes**		
	Decrease in trade and other payables	**(43)**	(296)
14.	**Dividends paid**		
	Ordinary shareholders		
	Amounts unpaid at beginning of year	**(223)**	(304)
	As disclosed in statement of changes in equity	**(205 207)**	(173 936)
	Amounts unpaid at end of year	**147**	223
		(205 283)	(174 017)
	Class A ordinary shareholders		
	Amounts unpaid at beginning of year	**–**	(2)
	As accounted for against share-based payment liability	**(3 680)**	(3 911)
	Amounts unpaid at end of year	**–**	–
		(3 680)	(3 913)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

	COMPANY	
	2009 R'000	2008 R'000
15. Income tax paid		
Amounts unpaid at beginning of year	**(29)**	(19)
As disclosed in the income statement	**(50)**	(338)
Amounts unpaid at end of year	**(152)**	29
	(231)	(328)

	COMPANY		
	Capital R'000	**Interest R'000**	**Total R'000**
16. Maturity analysis of financial liabilities			
30 September 2009			
Not later than 1 year			
Borrowings inter group	**462 874**	**–**	**462 874**
Dividends payable	**147**	**–**	**147**
	463 021	**–**	**463 021**
30 September 2008			
Not later than 1 year			
Borrowings inter group	252 946	–	252 946
Dividends payable	223	–	223
	253 169	–	253 169

Note: Trade and other payables do not include amounts for value-added tax payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

	COMPANY
	Loans and receivables R'000
17. Financial instruments by category	
30 September 2009	
Assets as per balance sheet	
Loan to subsidiary	**2 027 451**
Cash and cash equivalents	**1 750**
Total	**2 029 201**
	Other financial liabilities R'000
Liabilities as per balance sheet	
Borrowings from related parties	**462 874**
Dividends payable	**147**
Total	**463 021**
	Loans and receivables R'000
30 September 2008	
Assets as per balance sheet	
Loan to subsidiary	1 818 562
Cash and cash equivalents	1 749
Total	1 820 311
	Other financial liabilities R'000
Liabilities as per balance sheet	
Borrowings from related parties	252 946
Dividends payable	223
Total	253 169

Note: Trade and other payables do not include amounts for value-added tax payable.

ADMINISTRATIVE INFORMATION

Financial calendar

Financial year-end	30 September
Annual General Meeting	19 February 2010

Reports

Interim report for the half year until March 2010	May 2010
Announcement of results for the year	December 2010
Annual Report	January 2011

Dividends

Interim	– Announcement	May 2010
	– Payment	July 2010
Final	– Announcement	December 2010
	– Payment	February 2011

ADMINISTRATION

Holding Company
Pioneer Food Group Limited
Registration number: 1996/017676/06

Country of incorporation
South Africa

Date of incorporation
13 June 1997
(date of the merger between Sasko (Pty) Limited
and Bokomo (Pty) Limited)

Share code
PFG

Company Secretary and registered office
T Naidoo
32 Market Street, Paarl, 7646
PO Box 20, Huguenot, 7645
Tel: (021) 807-5100
Fax: (021) 807-5280
e-mail: info@pioneerfoods.co.za
internet address: www.pioneerfoods.co.za

Sponsor
Barnard Jacobs Mellet Corporate Finance (Pty) Limited
(Registration number: 2000/023249/07)
Ground Floor, Barnard Jacobs Mellet House
24 Fricker Road
Illovo Corner
Illovo
2196
(PO Box 62200, Marshalltown, 2107)
Tel: (011) 750-0000
Fax: (011) 750-0009

Bankers
The Standard Bank of South Africa Limited
ABSA Bank Limited
Nedbank Limited
FirstRand Bank Limited
Old Mutual Specialised Finance (Pty) Limited
The Hongkong and Shanghai Banking Corporation Limited

ISIN code
ZAE000118279

Auditors
PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
PricewaterhouseCoopers Building
Zomerlust Estate
Berg River Boulevard
Paarl
7646

Transfer Secretary
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Tel: (011) 370-5000
Fax: (011) 688-5209