

Revenue
4%

Operating profit
55%

Earnings per share
55%

Headline earnings per share
55%

Final dividend
R4.25
per share

Summary consolidated statement of comprehensive income

for the year ended 30 September 2019

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000	% change
Revenue	13 485 475	12 978 561	4
Cost of sales	(10 856 468)	(9 304 535)	
Gross profit	2 629 007	3 674 026	(28)
Administrative expenses	(723 290)	(817 013)	
Distribution costs	(833 734)	(733 738)	
Marketing expenditure	(201 848)	(185 404)	
Other net income and gains	12 144	3 690	
Profit before interest and tax (note 5)	882 279	1 941 561	(55)
Finance costs – net	30 372	52 527	
Finance income	41 286	62 903	
Finance costs	(10 914)	(10 376)	
Profit before income tax	912 651	1 994 088	(54)
Tax expense	(265 116)	(559 738)	
Profit for the period	647 535	1 434 350	(55)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations (net of deferred tax)	(2 178)	2 598	
Items that may be subsequently reclassified to profit or loss			
Foreign currency (loss)/gain on investment loans to foreign subsidiaries	(414)	5	
Foreign currency translation adjustments	1 292	(13 439)	
Total comprehensive income for the period	646 235	1 423 514	(55)
Profit attributable to:			
Equity holders of the holding company	643 653	1 431 076	(55)
Non-controlling interests	3 882	3 274	19
	647 535	1 434 350	(55)
Comprehensive income attributable to:			
Equity holders of the holding company	642 353	1 420 240	(55)
Non-controlling interests	3 882	3 274	19
	646 235	1 423 514	(55)
Earnings per share (Rand)			
– basic	R16.59	R36.91	(55)
– diluted	R16.58	R36.87	(55)

Summary consolidated balance sheet

for the year ended 30 September 2019

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000
Assets		
Non-current assets	2 658 236	2 409 499
Property, plant and equipment	2 462 918	2 212 205
Intangible assets	59 183	61 159
Goodwill	136 135	136 135
Current assets	3 580 883	3 764 715
Biological assets	758 721	770 461
Inventories	691 058	836 690
Trade and other receivables	1 512 398	1 328 418
Current tax asset	19 717	7 303
Cash and cash equivalents	598 989	821 843
Total assets	6 239 119	6 174 214
Equity		
Capital and reserves attributable to equity holders of the parent company	3 784 227	3 726 922
Issued capital	90 400	86 751
Treasury shares	(204 435)	(204 435)
Reserves	3 898 262	3 844 606
Non-controlling interest	11 408	10 496
Total equity	3 795 635	3 737 418
Liabilities		
Non-current liabilities	705 600	649 979
Deferred tax liability	539 421	481 732
Employment benefit obligations	166 179	168 247
Current liabilities	1 737 884	1 786 817
Trade and other liabilities	1 411 135	1 360 469
Employment benefit obligations	254 107	373 195
Current tax liabilities	25 772	17 480
Borrowings (note 7)	44 115	33 277
Shareholders for dividend	2 755	2 396
Total liabilities	2 443 484	2 436 796
Total equity and liabilities	6 239 119	6 174 214

Summary consolidated statement of cash flows

for the year ended 30 September 2019

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000
Cash operating profit	936 440	2 156 086
Changes in working capital	257 308	(425 201)
Cash generated from operations	1 193 748	1 730 885
Income tax paid	(213 907)	(516 236)
Cash flows from operating activities	979 841	1 214 649
Cash used in investing activities	(653 444)	(346 551)
Purchases of property, plant and equipment	(4 141)	(11 391)
Costs incurred on intangibles		
Proceeds on disposal of property, plant and equipment	317	331
Finance income	41 286	62 903
Payment received on investment sold during previous year		40 000
Cash flows used in financing activities	(595 871)	(729 577)
Dividends paid	(594 367)	(729 752)
Proceeds from shares issued	3 649	5 288
Finance expense	(5153)	(5 113)
Net movement in cash and cash equivalents	(232 012)	230 364
Effects of exchange rate changes	(1 680)	5 627
Cash and cash equivalent balances at beginning of year	788 566	552 575
Cash and cash equivalent balances at end of year (note 8)	554 874	788 566

Summary consolidated statement of changes in equity

for the year ended 30 September 2019

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000
Balance at beginning of year	3 737 418	3 038 832
Change in accounting policy: adoption of expected credit loss model for impairments	3 059	–
Profit for the period	647 535	1 434 350
Other comprehensive income/(loss) for the period, net of tax	(1 300)	(10 836)
Dividends to shareholders	(594 726)	(730 216)
Proceeds on shares issued	3 649	5 288
Balance at end of period	3 795 635	3 737 418

Additional information

for the year ended 30 September 2019

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000	% change
Headline earnings (note 6)	649 638	1 439 236	(55)
Headline earnings per share			
– basic	R16.74	R37.12	(55)
– diluted	R16.74	R37.08	(55)
Dividends per share – declared out of earnings for the period			
– Interim dividend	R4.75	R10.00	(53)
– Final dividend	R4.25	R10.50	(60)
– Total dividend	R9.00	R20.50	(56)
Number of ordinary shares			
– Issued net of treasury shares	38 833 658	38 798 808	
– Weighted-average	38 806 076	38 774 025	
– Diluted weighted-average	38 816 916	38 809 443	
Net cash/(debt) – cash and cash equivalents less borrowings (R'000)	554 874	788 566	
Net asset value per share	R97.45	R96.06	

Summary consolidated segmental analysis

for the year ended 30 September 2019

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000	% change
Revenue	10 877 135	10 603 727	3
Poultry	6 573 738	6 198 202	6
Feed	479 645	410 787	17
Other Africa	(4 445 043)	(4 234 155)	4
Inter-group			
Operating profit	370 977	1 452 762	(74)
Poultry	489 483	456 622	7
Feed	21 819	32 177	(32)
Other Africa	882 279	1 941 561	(55)
Capital expenditure	372 081	318 019	17
Poultry	56 617	27 621	105
Feed	3 381	9 904	(66)
Other Africa	64	407	(84)
Corporate office	432 143	355 951	21
Depreciation, amortisation and impairment	148 223	124 620	19
Poultry	22 263	21 659	4
Feed	5 288	5 288	0
Other Africa	96	195	(51)
Corporate office	176 230	151 762	16
Inventory	337 220	532 113	(37)
Poultry	291 179	255 002	14
Feed	62 659	49 575	26
Other Africa	691 058	836 690	(17)
Trade receivables	904 469	980 644	(8)
Poultry	224 107	203 997	10
Feed	23 785	19 612	21
Other Africa	1 152 361	1 204 253	(4)

Notes

1. Nature of business

Astral is a leading South African integrated poultry producer. Key activities consist of manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and sale and distribution of various key poultry brands.

2. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The financial statements have been prepared by the Chief Financial Officer, DD Ferreira CA(SA), and were approved by the board on 13 November 2019.

3. Accounting policies

The accounting policies applied in these condensed interim financial statements comply with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 September 2018, except for the mandatory adoption of the following:

IFRS 15 Revenue

Due to the nature of the group's sales contracts with its customers the adoption of IFRS 15 resulted in no change in revenue recognition.

IFRS 9

The group adopted an expected credit loss model for impairments of financial assets using the modified retrospective approach.

The impact on the financial statements is a credit to the retained earnings opening balance of R3 059 000. This insignificant impact is as result of the group's historically low bad debts and successful credit control procedures. The interim results for the six months ending March 2019 was not adjusted with the impact of the change in calculation of the provision for possible impairment losses.

The classifications of trade receivables and cash and bank changed from "Loans and receivables" to "Amortised costs". The measurement at amortised costs as required by IFRS 9, remained unchanged from the previous year.

4. Independent auditor's report on the summary consolidated financial statements

To the Shareholders of Astral Foods Limited

Opinion

The summary consolidated financial statements of Astral Foods Limited, contained in the accompanying preliminary report, which comprise the summary consolidated balance sheet as at 30 September 2019, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Astral Foods Limited for the year ended 30 September 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 15 November 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Other matter

We have not audited the information contained within the Financial Overview, Operational Overview, Outlook or Declaration of Ordinary Dividend no 37 and accordingly do not express an opinion thereon.

PricewaterhouseCoopers Inc.

Director: EJ Gerrits

Registered Auditor

Johannesburg

15 November 2019

The signed version of this opinion is available for inspection at the registered office.

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000
5. Profit before interest and tax	3 108	(5 149)
The following items have been accounted for in the profit before interest and tax:		
Biological assets – fair value loss/(gain)	6 092	6 048
Amortisation of intangible assets	170 138	145 714
Depreciation on property, plant and equipment	(74)	417
(Profit)/loss on sale of property, plant and equipment	(1 161)	443
Foreign exchange (gains)/losses	8 364	10 891
Assets scrapped	3 894	1 324
Insurance recoveries		
Fair value adjustments to outstanding receivables and payables	6 016	
6. Reconciliation to headline earnings		
Net profit attributable to shareholders	643 653	1 431 076
(Profit)/loss on sale of property, plant and equipment (net of tax)	(38)	301
Loss on assets scrapped (net of tax)	6 023	7 859
Headline earnings for the period	649 638	1 439 236

	Audited 12 months ended 30 September 2019 R'000	Audited 12 months ended 30 September 2018 R'000
7. Borrowings	44 115	33 277
Current – Bank overdrafts		
8. Cash and cash equivalents per cash flow statement	(44 115)	(33 277)
Bank overdrafts (included in current borrowings)	598 989	821 843
Cash at bank and in hand		
Cash and cash equivalents per cash flow statement	554 874	788 566
9. Commitments	191 153	1 267 807
Capital expenditure approved not contracted		
Capital expenditure contracted not recognised in financial statements	342 646	127 012
Cost on intangibles contracted not recognised in financial statements	2 906	6 252
Raw material contracted amounts not recognised in the statement of financial position	1 376 532	1 090 415

Financial overview

Group revenue increased by 3.9% to R13.5 billion (2018: R13.0 billion), with contributions to the increase mainly as a result of increased poultry sales volumes and increases in the selling prices for feed driven by higher raw material prices.

Lower profits from the Poultry division, down by R1 082 million resulted in the decrease of the group's operating profit to R882 million, which is well below the previous year's R1 941 million. The Feed division increased its profits by R33 million for a total contribution to the group's profit of R489 million. Contribution from the Other Africa operations of R22 million was below the previous year's R32 million.

Capital expenditure for the year increased to R658 million, which includes progress payments in respect of the major capacity expansion at Festive processing plant and the upgrade of the silo complex at the Meadow Feeds Standerton mill.

A cash inflow from working capital is reported with the biggest contribution from lower finished goods at year-end, with smaller contributions from lower trade receivables and higher trade payables.

Dividend payments at R594 million was relatively high compared to the cash generated from the current year's profits as it includes the final dividend for 2018, which was a record profit year.

Net cash movement for the year was negative at R232 million, however, the end of year balance was a surplus of R555 million. The group remains in a position to be able to fund its future capital expenditure programme and dividend payments from existing resources.

The board has declared a final dividend of 425 cents per share which brings the total dividend from the 2019 financial year's earnings to 900 cents per share.

Operational overview

Poultry Division

Revenue increased by 2.6% to R10.9 billion (2018: R10.6 billion) impacted by higher broiler sales volumes, together with improved sales of broiler day-old chicks and parent stock in the external market.