Audited Annual Financial Results and Dividend Declaration

30 September 2013



Change

30 Sept 201

2 940 901

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ASTRAL A leading Southern African integrated poultry producer

> Audited Year ended 30 Sept 2012 R'000

> > 28 348

13 489

116 091

(102 602) 25 267 16 154 (61 181)

254 845 17 055

Astral Foods Limited • Incorporated in the Republic of South Africa • Registration number 1978/003194/06 • Share code: ARL • ISIN: ZAE000029757

CONDENSED GROUP STATEMENT OF FINANCIAL POS	ITION	
	Audited Year ended 30 Sept 2013 R'000	Audited Year ended 30 Sept 2012 R'000
ASSETS Non-current assets	2 016 064	1 840 046
Property, plant and equipment Intangible assets Goodwill Investment in associate Investments and loans	1 796 461 25 320 136 135 52 800 5 348	1 678 976 17 169 136 135 - 7 766
Current assets	1 938 270	1 672 894
Inventories Biological assets Trade and other receivables Current tax assets Cash and cash equivalents	440 684 592 690 806 821 4 614 93 461	379 433 534 806 723 569 9 819 25 267
Assets held for sale	-	51 889
Total assets	3 954 334	3 564 829
EQUITY AND LIABILITIES Capital and reserves attributable to equity holders of the parent company Issued capital Treasury shares Reserves	1 713 726 2 044 (204 435) 1 916 117	1 585 227 2 044 (204 435) 1 787 618
Non-controlling interests	13 954	10 744
Total equity	1 727 680	1 595 971
LIABILITIES Non-current liabilities Borrowings Deferred tax liability	655 790 145 255 417 646	516 367 14 859 407 711
Retirement benefit obligations	92 889	93 797
Current liabilities	1 570 864	1 431 208
Trade and other liabilities Current tax liabilities Borrowings Shareholders for dividend	1 355 495 2 040 211 630 1 699	1 307 776 5 684 116 091 1 657
Liabilities held for sale	-	21 283
Total liabilities	2 226 654	1 968 858
Total equity and liabilities	3 954 334	3 564 829

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended 30 Sept 2013 R'000	Change %	Audited Year ended 30 Sept 2012 R'000
Revenue	8 523 976	4	8 160 078
Operating profit Profit on sale of interest in business unit	271 558 79 426	(43)	477 149 35 972
Profit before interest and tax Finance income Finance costs Share of profit from associate	350 984 937 (27 839) 2 800	(32)	513 121 6 396 (24 371) -
Profit before tax Tax expense	326 882 (79 583)	(34)	495 146 (162 646)
Profit for the year Other comprehensive income Foreign currency translation adjustments	247 299 12 487	(26)	332 500 102
Total comprehensive income for the year net of tax	259 786	(22)	332 602
Profit attributable to: Equity holders of the parent company Non-controlling interests	244 010 3 289	(26) 4	329 335 3 165
	247 299	(26)	332 500
Comprehensive income attributable to: Equity holders of the parent company Non-controlling interests	255 920 3 866	(22) 24	329 473 3 129
	259 786	(22)	332 602
Earnings per share (cents) basic diluted 	641 641	(26) (26)	865 864

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

CONDENSED GROUP SEGMENTAL ANALYSIS

	Audited Year ended 30 Sept 2013 R'000	Audited Year ended 30 Sept 2012 R'000
Balance beginning of the year	1 595 971	1 585 632
Total comprehensive income for the year	259 786	332 602
Dividends to the company's shareholders	(127 882)	(320 086)
Payments to non-controlling interest holders	(660)	(3 829)
Option value of share options granted	465	1 652
Balance at end of the year	1 727 680	1 595 971

	3 954 334	3 564 829	As previously reported			
			Re-allocated to Other Africa			
equity holders			Feed	993 517	19	
	1 713 726	1 585 227	As previously reported			
	2 044	2 044	Re-allocated from Services and Ventures			

Assets

Poultry

Other Africa	247 190	48	166 750
As previously reported			133 292
Re-allocated from Poultry			33 458
Services and Ventures	-		
As previously reported			4 949
Re-allocated to Corporate			(27 605)
Re-allocated to intra-group Re-allocated to Feed			32 533 (9 877)
	100.000		
Corporate Assets held for sale	122 990		27 605 51 889
Set-off of intra-group balances	(350 264)		(313 663)
	3 954 334	11	3 564 829
labilities			
Poultry	1 263 916	6	1 193 892
As previously reported			1 204 362
Re-allocated to Other Africa			(10 470)
Feed	888 053	12	794 228
As previously reported			787 266
Re-allocated from Services and Ventures			6 962
Other Africa	103 812	44	71 854
As previously reported			61 384
Re-allocated from Poultry			10 470
Services and Ventures	-		-
As previously reported			175 693
Re-allocated to Corporate			(201 264)
Re-allocated to intra-group Re-allocated to Feed			32 533
			(6 962)
Corporate Liabilities held for sale	321 137		201 264 21 283
Set-off of intra-group balances	(350 264)		(313 663)
	2 226 654	13	1 968 858
	2 226 654	13	1 968

Following changes in internal reporting provided to the chief executive officer, certain comparative amounts have been re-

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Audited Year ended 30 Sept 2013 R'000	Audited Year ended 30 Sept 2012 R'000
Cash operating profit	388 406	596 964
Changes in working capital	(150 736)	(118 852)
Cash generated from operations	237 670	478 112
Income tax paid	(66 705)	(142 072)
Cash generated from operating activities	170 965	336 040
Cash used in investing activities	(176 515)	(116 583)
Capital expenditure	(234 802)	(209 274)
Finance income	937	6 396
Proceeds on disposal of business unit/investment held for sale	47 552	83 161
Proceeds on disposal and other	9 798	3 134
Cash flows to financing activities	(7 609)	(349 848)
Net increase in borrowings	155 334	409
Interest paid	(34 443)	(26 508)
Dividends paid	(128 500)	(323 749)
Net movement in cash and cash equivalents	(13 159)	(130 391)
Effects of exchange rate changes	(3 688)	(206)
Cash and cash equivalent balances at beginning of the year	(61 181)	69 416
Cash and cash equivalent balances at end of the year	(78 028)	(61 181)

ADDITIONAL IN	FORMATION
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REVENUE INCREASE	4%
EARNINGS PER SHARE DECREASE	26%
HEADLINE EARNINGS PER SHARE DECREASE	44%
FINAL DIVIDEND 222 CENTS PER SHARE	

CONDENSED GROUP SEGMENTAL ANALYSIS continued

Audited /ear ended Sept 2012			Audited Year ended 30 Sept 2013 R'000
R'000	7.	Borrowings	
2 797 322 2 830 780]	Non-current Secured loans Unsecured loans Less: Portion payable within 12 months included in current liabilities	37 229 148 167 (40 141)
(33 458)	ļ		145 255
834 926	1	Current	
825 049 9 877		Bank overdrafts Portion of non-current loans payable within 12 months	171 489 40 141
166 750			211 630
133 292 33 458 -	8.	Cash and cash equivalents per cash flow statement Bank overdrafts (included in current borrowings) Cash at bank and in band	(171 489) 93 461
4 949]	Cash and cash equivalents classified as held for sale	-
(27 605) 32 533		Cash and cash equivalents per cash flow statement	(78 028)
(9 877)	9.	Capital commitments	
27 605 51 889		Capital expenditure approved not contracted Capital expenditure contracted not recognised in financial statements	108 270 72 069
(313 663)	10.	Related party transactions - with associate/joint venture	
3 564 829		Sales	457
1 193 892	1	Purchases Receivables Trade payables	228 412 1 897 19 923
1 204 362 (10 470)	FINA	ANCIAL OVERVIEW	19 920

Headline earnings for the year decreased by 43,7% to R169 million from last year's R300 million, as a result of losses reported by the poultry operations.

Increased revenue from all three business segments contributed to the increase in the group's revenue of 4,5% from R8 160 million to R8 524 million.

The group's profits were severely affected by losses in the poultry segment, whilst both the feed and other Africa segments reported increased profits. This resulted in the group's operating profit being down by 43,1% to R272 million with the operating profit margin at 3,2 % down on the previous year's 5,8%. Profit before tax, which includes a profit of R79,4 million following the sale of 50% of the interest in a joint venture, was down by 34,0% to R327 million.

Net interest paid for the year increased to R27 million from last year's R18 million as a result of increased borrowings following the poultry losses during the first half of the financial year.

Cash generated from operating activities of R171 million was down on last year's R336 million as result of lower profits and further increases in working capital. The increased costs of raw material impacted negatively not only on the profitability but also on the value of working capital at year-end, whilst poultry's finished goods stock levels were higher than the previous year. Capital expenditure includes costs incurred on the construction of a new feed mill, which is financed from a structured term loan. The net cash flow, after payment of the final 2012 dividend was an outflow of R13 million, resulting in a net debt to equity ratio of 15,2%.

The Board has declared a final dividend of 222 cents, which also represent the total dividend for the year (2012: 672 cents). The distribution will be supported by the relative low debt levels and underlying good liquidity capabilities of the group.

The Board considered the possibility of impairments of the poultry cash generating units, in compliance with IAS 36 (Impairments of assets) against the background of the adverse trading conditions experienced during the past year. Based on discounted cashflow calculations of our latest long-term outlook, there is no need for impairment at this point in time.

OPERATIONAL OVERVIEW Poultry division

Revenue for the division increased by 2,8% to R6,0 billion (2012: R5,8 billion) on the back of higher poultry selling prices (up 8,4%) despite lower volumes (down 5,4%). Profitability decreased significantly to a loss of R109 million (2012: profit of R137 million). A negative net margin for the division of -1,8% was realised for the reporting period (2012: 2,3%).

The lower profitability is attributable to a 14,1% increase in feed prices, the single biggest input cost, whilst poultry selling prices only increased by 8,4%. On-farm performances were impacted by higher broiler mortalities, and a slight deterioration in feed conversion rates, which impacted on the live cost of the birds sent to processing.

The first half of the year was severely impacted by high feed prices, high poultry stock levels in the industry, high levels of poultry imports and depressed poultry selling prices private a vident during the reporting period that the poultry industry lacked pricing power, as can be intimated from the extensive promotional activity that was witnessed in order to manage stock levels at prices below cost for most of the reporting period.

Amongst numerous cost control measures, Astral implemented a cutback in poultry volumes in order to curb the losses attributable to the under recovery of input costs in poultry selling prices. The processing yield has increased by over 1% for the period under review as a result of efforts to improve processing plant efficiencies and product mix

Feed division

Revenue for the division increased by 13,6% to R4,9 billion (2012: R4,3 billion) as a direct result of the higher raw material and feed pricing, whilst sales volumes increased marginally (up 1,0%). Meadow Feeds supplies 49% of its total volumes to the Group's downstream poultry operations, contributing significantly to cost recovery in the feed division. Total volumes remained unchanged year-on-year at approximately 1,2 million tons per annum, with a marginal increase of 1% driven by an increase in feed sales to the external market of 4% offset by a drop in feed supply volumes to Astral's poultry operations of 3%. Operating profit increased by 14,7% to R331 million (2012: R289 million) with an operating profit margin unchanged at 6,7%. This division posted a good performance and successfully recovered inflationary costs from the market, whilst maintaining an acceptable level of credit risk without sacrificing sales volumes.

Other Africa division

Audited

Revenue for the division increased by 29,5% to R442 million (2012: R341 million) as a result of higher volumes (up 14,2%). The operating profit increased by 19,5% to R45 million (2012: R38 million) with an operating profit margin of 10,2% (2012: 11,0%). A good performance from this division was supported by the results in the broiler breeder and hatchery operations

	Audited Year ended	Audited Year ended	
	30 Sept 2013 R'000	Change %	30 Sept 2012 R'000
Revenue Poultry	6 000 605	3	5 834 816
As previously reported	8 000 805	3	5 914 483
Re-allocated to Other Africa	4 0 4 5 000		(79 667)
Feed	4 915 626	14	4 327 012
As previously reported Re-allocated from Services and Ventures			4 309 636 17 376
Other Africa	442 146	30	341 308
As previously reported Re-allocated from Poultry			261 641 79 667
Services and Ventures	30 246	(86)	222 620
As previously reported			239 996
Re-allocated to Feed	(0.004.047)		(17 376)
Sales between segments	(2 864 647)		(2 565 678)
 Feed to Poultry Services and Ventures to Poultry and Feed 	(2 702 755) (161 892)		(2 413 486) (152 192)
	8 523 976	4	8 160 078
Derating profit Poultry	(109 412)	(180)	137 438
As previously reported			144 893
Re-allocated to Other Africa	001.070	15	(7 455)
Feed	331 276	15	288 808 283 135
As previously reported Re-allocated from Services and Ventures			283 135 5 673
Other Africa	45 021	19	37 677
As previously reported			30 222
Re-allocated from Poultry	4.070	(05)	7 455
Services and Ventures As previously reported	4 673	(65)	13 226 18 899
Re-allocated to Feed			(5 673)
	271 558	(43)	477 149
Capital expenditure Poultry	59 995	(60)	151 038
As previously reported Re-allocated to Other Africa			152 248
Feed	151 314	352	(1 210) 33 454
As previously reported			31 312
Re-allocated from Services and Ventures			2 142
Other Africa	29 991	34	22 316
As previously reported Re-allocated from Poultry			21 106 1 210
Services and Ventures	-	(100)	4 519
As previously reported Re-allocated to Corporate			6 745 (84)
Re-allocated to Feed			(2 142)
Corporate	106		84
	241 406	14	211 411
Depreciation, amortisation and impairment Poultry	97 628	6	91 816
As previously reported	01 020	0	92 804
Re-allocated to Other Africa			(988)
Feed	20 153	9	18 522
As previously reported Re-allocated from Services and Ventures			17 536 986
Other Africa	8 287	47	5 620
As previously reported Re-allocated from Poultry			4 632 988
Services and Ventures	_	(100)	6 361
As previously reported		/	7 711
Re-allocated to Corporate Re-allocated to Feed			(364) (986)
Corporate	358		(986) 364
and the second			

	30 Sept 2013	Change %	30 Sept 2012
Headline earnings (R'000)	168 683	(44)	299 723
Headline earnings per share (cents)			
- basic	443	(44)	787
- diluted	443	(44)	787
Dividend per share (cents)			
 declared out of earnings for the year 	222	(67)	672
Ordinary shares			
 issued net of treasury shares 	38 060 308		38 060 308
 weighted-average 	38 060 308		38 060 308
 diluted weighted-average 	38 065 338		38 096 321
Net debt (borrowings less cash and cash equivalents) (R'000)	263 424		105 683
Net asset value per share (Rand)	45,03	8	41,65

NOTES Nature of busines

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 sales and distribution of various key poultry brands.

Basis of preparation

The condensed consolidated financial information announcement is based on the audited financial statements of the group for the year ended 30 September 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE Limited and the South African Companies Act (2008). The financial statements have been prepared by the financial director, DD Ferreira CA(SA), and were approved by the board on 6 November 2013.

Accounting policies

The accounting policies applied in the financial statements comply with IFRS and are consistent with those applied in the preparation of the group's annual financial statements for the previous year.

Independent audit by the auditors 4.

These condensed consolidated results have been audited by our accredited auditors PricewaterhouseCoopers Inc. who have performed their audition according with the International Standards on Auditing. A copy of their unqualified audit report is available for inspection at the registered office of the company.

	Audited Year ended 30 Sept 2013 R'000	Audited Year ended 30 Sept 2012 R'000
Operating profit		
The following items have been accounted for in the operating profit:		
Directors' remuneration	23 572	25 150
Biological assets – fair value loss	3 116	752
Amortisation of intangible assets	3 305	2 405
Depreciation on property, plant and equipment	119 424	116 296
Impairment of goodwill	-	3 012
Impairment of property	3 697	970
Profit on sale and scrapping of property, plant and equipment	1 926	885
Profit on sale of unlisted investments	2 485	-
Foreign exchange loss	(146)	(1 744)
Reconciliation to headline earnings		
Earnings for the year	244 010	329 335
Profit on sale and scrapping of property, plant and equipment (net of tax)	(2 759)	(1 705)
Profit on sale of interest in joint venture/business unit (net of tax)	(67 848)	(29 646)
Profit on sale of unlisted investments	(2 021)	-
Insurance recovery on damaged assets (net of tax)	(6 415)	(3 044)
Impairment of goodwill	-	3 012
Loss on assets scrapped (net of tax)	1 055	1 073
Impairment of property and other assets (net of tax)	2 661	698
Headline earnings for the year	168 683	299 723

Registered office 92 Koranna Avenue, Doringkloof, Centurion, 0157, South Africa Postnet Suite 278, Private Bag X1028, Doringkloof, 0140 Telephone: +27 (0)12 667 5468 • Website address: www.astralfoods.com
Directors JJ Geldenhuys (Chairman), *CE Schutte (Chief Executive Officer), *GD Arnold, *T Delport, T Eloff *DD Ferreira (Financial Director), IS Fourie, *OM Lukhele, M Macdonald, TM Maumela, TM Shabangu, N Tseng (*Executive director)
Company secretary MA Eloff
Transfer secretaries Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107, Telephone: +27 (0)11 370 5000
Sponsor JPMorgan Chase Bank, N.A. 1 Fricker Road, Illovo, Johannesburg, 2196, Private Bag X9936, Sandton, 2146, Telephone: +27 (0)11 507 043
A copy of the financial statements will be available upon publication on the website, www.astralfoods.com or contact Maryna Eloff at the registered office or at maryna.eloff@astralfoods.com

in Zambia, Mozambique and Swaziland, with the animal feed operation in Zambia reporting an admirable growth in earnings Services and Ventures division

Revenue for the division decreased to R30 million (2012: R223 million). Profitability decreased to R4,7 million (2012: R13,2 million). Excluded from the results for the period under review is the profit contribution from the East Balt SA operation, which was disposed of during 2012 and in addition only includes two months' reporting pre-disposal of half of the Group's 50% interest in Nutec. Future segmental reporting for this division will fall away.

LABOUR MATTERS

Industrial action experienced at the Group's Earlybird Olifantsfontein processing operation in Gauteng and the County Fair poultry farms in the Western Cape, resulted in a direct cost for the period under review of R37 million

The Group has successfully concluded all current annual wage negotiations during the latter half of the reporting period, of which some agreements are for a two to three year period.

COMPETITION COMMISSION

As previously reported an all-inclusive agreement with the Competition Commission has been negotiated and concluded to settle all previous matters and investigations. This agreement has, in principle, been confirmed as an order by the Competition Tribunal. A settlement value of R17 million was fully provided for in the prior financial year.

Astral recently received notice from the Competition Commission that a complaint has been lodged by the Association of Meat Importers and Exporters against various players in the poultry industry, to the effect that there has been a tacit coordinated approach where industry players are inflating feed prices and brining chicken products at similar levels. It has been alleged that these practices have been used in order for the industry to prove material damage in their recent poultry import tariff applications. Astral is cooperating with the Competition Commission in this regard, and will complete a submission as required.

PROSPECTS

The recently approved increase in the General Rate of Duty on poultry imports will go some way in levelling the playing field on a cost basis. An anti-dumping application against the EU, if successful, will improve the imbalance in supply and demand, which could provide the industry a better opportunity to recover escalating input costs.

Projected lower feed costs in 1H2014 over the comparative period, together with the commissioning of the new Standerton feed mill during the latter half of F2014, will benefit downstream poultry production costs.

Although the tough trading environment is not expected to ease in the new financial period, there are a number of positives impacting our results.

DECLARATION OF ORDINARY DIVIDEND No. 25

The board has approved a final dividend of 222 cents per ordinary share (gross) in respect of the year ended 30 September 2013. subject to Dividends Tax that was introduced with effect from 1 April 2012. In accordance with

)12	The dividend will be subject to Dividends Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs			
000	11.17 (a) (i) to (x) and 11.17 (c) of the	JSE Listings Requirements the following information is	s disclosed:	
	 The dividend has been declared out of income reserves; 			
50	 The local Dividend Tax is 15% (fifte 	en per centum);		
	 There are no Secondary Tax on Companies (STC) credits utilised; 			
752	 The gross local dividend is 222 cents per ordinary share for shareholders exempt from the Dividend Tax; 			
105	 The net local dividend is 188,7 cent per ordinary share for shareholders liable to pay Dividend Tax; 			
296 012 070 0885	 Astral Foods Limited has currently 42 148 885 ordinary shares in issue (which includes 4 088 577 treasury shares), and Astral Foods Limited's income tax reference number is 9125190711. 			
	Shareholders are advised of the following dates in respect of the final dividend:			
	Last date to trade cum-dividend		Friday, 17 January 2014	
_	Shares commence trading ex-dividen	d	Monday, 20 January 2014	
744)	Record date		Friday, 24 January 2014	
,	Payment of dividend		Monday, 27 January 2014	
335 705) 346)	Share certificates may not be demat 2014, both days inclusive.	erialised or rematerialised between Monday, 20 Janu	ary 2014 and Friday, 24 January	
	On behalf of the board			
	JJ Geldenhuys	CE Schutte		
)44)	Chairman	Chief Executive Officer		
)12	Pretoria			
073	6 November 2013			
698				
23				
-				

