



Audited annual financial results and dividend declaration

30 September 2011

Condensed group statement of financial position

	Audited Year ended 30 Sept 2011 R'000		Audited Year ended 30 Sept 2010 R'000
ASSETS			
Non-current assets	1 876 789		1 764 194
Property, plant and equipment	1 711 966		1 625 473
Intangible assets	11 120		4 913
Goodwill	140 401		124 802
Investments and loans	13 028		8 638
Deferred tax asset	274		168
Current assets	1 508 605		1 337 176
Inventories	321 031		262 278
Biological assets	342 234		305 430
Trade and other receivables	662 836		626 698
Current tax assets	429		2 334
Derivative financial instruments	210		198
Cash and cash equivalents	181 895		140 240
Assets held for sale	-		26 928
Total assets	3 385 394		3 128 298
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent company	1 574 194		1 424 091
Issued capital	2 044		736
Treasury shares	(204 435)		(204 435)
Reserves	1 776 585		1 627 790
Non-controlling interests	11 438		22 106
Total equity	1 585 632		1 446 197
Liabilities			
Non-current liabilities	569 100		522 117
Borrowings	99 496		80 545
Deferred tax liability	378 950		356 929
Retirement benefit obligations	90 654		84 643
Current liabilities	1 230 662		1 148 206
Trade and other liabilities	1 101 455		939 982
Current tax liabilities	7 316		19 556
Borrowings	121 891		188 668
Liabilities held for sale	-		11 778
Total liabilities	1 799 762		1 682 101
Total equity and liabilities	3 385 394		3 128 298

Condensed group statement of comprehensive income

	Audited Year ended 30 Sept 2011 R'000	Change %	Audited Year ended 30 Sept 2010 R'000
Revenue	8 605 904	3	8 367 874
Operating profit (note 5)	674 919	15	585 377
Fair value adjustment of net investment in assets and liabilities held for sale	(1 805)		(7 233)
Finance income	12 676		12 201
Finance costs	(27 849)		(33 263)
Profit before income tax	657 941	18	557 082
Tax expense	(222 679)		(193 413)
Profit for the year	435 262	20	363 669
Other comprehensive income			
Foreign currency translation adjustments	13 555		(6 401)
Total comprehensive income for the year net of tax	448 817	26	357 268
Profit attributable to:			
Equity holders of the parent company	429 217	20	357 637
Non-controlling interests	6 045		6 032
Comprehensive income attributable to:			
Equity holders of the parent company	441 278	25	352 068
Non-controlling interests	7 539	45	5 200
Earnings per share (cents)			
- basic	1 128	20	940
- diluted	1 126	20	939

Condensed group statement of cash flows

	Audited Year ended 30 Sept 2011 R'000		Audited Year ended 30 Sept 2010 R'000
Cash operating profit	809 169		705 744
Changes in working capital	27 782		62 990
Cash generated from operations	836 951		768 734
Income tax paid	(214 964)		(180 557)
Cash generated from operating activities	622 387		588 177
Cash used in investing activities	(193 251)		(208 202)
Capital expenditure	(147 556)		(222 372)
Finance income	12 676		12 201
Acquisition of business unit	(82 261)		(2 245)
Proceeds on disposal of investment held for sale	13 935		-
Proceeds on disposal of other	9 945		4 214
Cash generated for the year	429 126		379 975
Cash flows to financing activities	(337 654)		(250 783)
Increase in borrowings	5 021		69 380
Interest paid	(51 021)		(38 758)
Cost of minority interest acquired	(14 000)		-
Dividends paid	(286 962)		(281 508)
Shares issued	1 308		-
Contribution from non-controlling interest holder	-		103
Net movement in cash and cash equivalents	91 472		129 192
Effects of exchange rate changes	6 938		(6 046)
Reclassification to assets held for sale	2 780		795
Cash and cash equivalent balances at beginning of year	(28 994)		(152 935)
Cash and cash equivalent balances at end of year	69 416		(28 994)

Condensed group statement of changes in equity

	Audited Year ended 30 Sept 2011 R'000		Audited Year ended 30 Sept 2010 R'000
Balance beginning of year	1 446 197		1 366 449
Total comprehensive income for the year	448 817		357 268
Dividends to the company's shareholders	(294 909)		(277 750)
Payments to non-controlling interest holders	(4 571)		(3 630)
Option value of share options granted	2 780		3 757
Contribution from a non-controlling interest holder	-		103
Shares issued	1 308		-
Cost of non-controlling interest in a subsidiary acquired	(14 000)		-
Balance at end of year	1 585 632		1 446 197

Condensed group segmental analysis

	Audited Year ended 30 Sept 2011 R'000	Change %	Audited Year ended 30 Sept 2010 R'000
Revenue			
Poultry			
- South Africa and Swaziland	5 599 186	5	5 350 966
Feed	4 210 290		4 224 542
- South Africa	4 004 451	(2)	4 089 104
- Other Africa	205 845	52	135 438
Services and ventures	275 902	2	269 610
Inter-group	(1 479 454)		(1 477 244)
- Feed to Poultry	(1 385 071)		(1 408 987)
- Services and ventures to Poultry and Feed	(94 383)		(68 257)
Operating profit	8 605 904	3	8 367 874
Poultry			
- South Africa and Swaziland	353 193	35	262 248
Feed	282 329		281 159
- South Africa	257 536	(8)	280 791
- Other Africa	24 793	inf	368
Services and ventures	39 397	(6)	41 970
Capital expenditure			
Poultry			
- South Africa and Swaziland	103 700	21	85 393
Feed	30 951	(31)	43 738
- South Africa	25 040	(22)	32 014
- Other Africa	5 011	(97)	11 694
Services and ventures	16 977	inf	98 769
Depreciation, amortisation and impairment	150 728	(34)	227 870
Poultry			
- South Africa and Swaziland	82 961	4	79 845
Feed	20 977	7	19 542
- South Africa	16 459	(3)	16 942
- Other Africa	4 518	74	2 600
Services and ventures	15 187	65	9 180
Assets			
Poultry			
- South Africa and Swaziland	2 522 303	12	2 259 783
Feed	764 062	(3)	786 738
- South Africa	649 227	(8)	707 280
- Other Africa	114 835	45	79 458
Services and ventures	368 044	(21)	465 815
Assets held for sale	-		26 928
Set-off of inter-group balances	(269 015)		(410 966)
Liabilities			
Poultry			
- South Africa and Swaziland	1 401 361	2	1 370 978
Feed	545 408	(12)	622 487
- South Africa	485 354	(16)	578 665
- Other Africa	60 054	37	43 822
Services and ventures	122 008	39	87 824
Liabilities held for sale	-		11 778
Set-off of intergroup balances	(269 015)		(410 966)
Total equity and liabilities	1 585 632	7	1 446 197

- Revenue increase **3%**
- Operating profit increase **15%**
- Headline earnings per share increase **20%**
- Final dividend increase **7% to 505 cents per share**
- Total dividend for the year increase **7%**

Additional information

	Audited Year ended 30 Sept 2011 R'000	Change %	Audited Year ended 30 Sept 2010 R'000
Headline earnings (R'000)	436 697	20	365 162
Headline earnings per share (cents)			
- basic	1 148	20	960
- diluted	1 145	19	959
Dividend per share (cents)			
- declared out of earnings for the year	810	7	760
Ordinary shares			
- Issued net of treasury shares	38 060 308		38 047 708
- Weighted-average	38 055 446		38 047 708
- Diluted weighted-average	38 124 355		38 072 092
Net debt (borrowings less cash and cash equivalents)	39 522	(69)	128 973
Net asset value per share (Rand)	41.36	11	37.43

Notes

- Nature of business**
Astral is a leading South African integrated poultry producer. Key activities consist of animal feed pre-mixes, 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 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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 (CASA), and were approved by the board on 10 November 2011.
- Accounting policies**
The accounting policies applied in the financial statements comply with IFRS and IAS 34 and are consistent with those applied in the preparation of the group's annual financial statements for the year ended 30 September 2010.
- Independent audit by the auditors**
These condensed consolidated results have been audited by our accredited auditors PricewaterhouseCoopers Inc. who have performed their audit in accordance 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 2011 R'000		Audited Year ended 30 Sept 2010 R'000
Operating profit			
The following items have been accounted for in the operating profit:			
Directors' remuneration	15 318		12 053
Cash settled share based payments - fair value loss	1 049		1 069
Biological assets - fair value gain	2 620		1 388
Amortisation of intangible assets	2 679		4 536
Depreciation on property, plant and equipment	115 251		104 031
Loss on disposal of property, plant and equipment	6 338		418
Foreign exchange gains/(losses)	1 214		(536)
Reconciliation to headline earnings			
Earnings for the year	429 217		357 637
Loss on sale of property, plant and equipment (net of tax)	4 382		491
Loss on disposal/fair value adjustment of investment held for sale	1 805		7 233
Negative goodwill	-		(199)
Loss on assets scrapped (net of tax)	132		-
Impairment of assets (net of tax)	1 151		-
Headline earnings for the year	436 697		365 162
Cash and cash equivalents per cash flow statement			
Bank overdrafts (included in current borrowings)	(112 449)		(169 234)
Cash at bank and in hand	181 865		140 240
Cash and cash equivalents per cash flow statement	69 416		(28 994)
Share capital			
No shares were repurchased in terms of the share buy-back programme during the year (2010: nil).			
12 600 shares were issued in terms of the group's share incentive scheme during the period under review (2010: nil).			
Capital commitments			
Capital expenditure approved not contracted	142 769		120 124
Capital expenditure contracted not recognised in financial statements	27 542		20 156
Business combination			
Mountain Valley			
The group acquired the assets and operating activities of a broiler abattoir and processing plant in KwaZulu-Natal, generally known as Mountain Valley. The acquisition is in line with the group strategy of selective expansion and investments. It is also geographically situated in an area where the group did not have a previous presence in producing and processing poultry products.			
The impact on the group's results is minimal as the effective date of the acquisition was only 1 August 2011 and includes the following:			
Revenue	22 284		-
Operating loss	1 228		-
The impact on the group's results had the acquisition occurred on 1 October 2010, is not presented as no meaningful results for the business can be calculated due to different input costs as prior to the acquisition.			
Details of net assets acquired and the cost of the investment are as follows:			
Property, plant and equipment and intangibles	(71 136)		(18 921)
Biological assets	-		(3 964)
Inventory	(1 677)		-
Trade and other receivables	(47)		-
Trade and other payables	702		-
Deferred tax liability	2 996		420
Net assets acquired	(69 162)		(22 465)
Goodwill	(15 599)		199
Total purchase consideration for interest in subsidiary	(84 761)		(22 266)
Controlling purchase consideration payable	2 500		20 021
Cash flow on acquisition, net of overdraft and cash acquired	(82 261)		(2 245)

- The carrying amounts of the assets and liabilities acquired were determined in accordance with IFRS and equal their fair value.
- Goodwill was paid due to the strategic geographical importance of the business to the group.
- The purchase allocation has been performed and is considered as final.
- Vredebest Plase**
The comparatives relate to an agreement during the previous year to acquire assets and operating activities of Vredebest Plase, a poultry farming and hatching operation in the Western Cape. Vredebest's revenue was generated mainly from sales to the Astral group prior to the acquisition.
- The group assumed control of the activities at Vredebest on 29 September 2010 with no impact on the group's results except for the negative goodwill recognised in profit.
- If the acquisition had occurred on 1 October 2009, there would have been no material impact on the group's results as all of Vredebest's production was sold into the group.
- The carrying amounts of the assets and liabilities acquired were determined in accordance with IFRS and equal their fair value.
- Transaction with non-controlling interest holders**
The Group acquired the 10% non-controlling interest in Ross Poultry Breeders (Pty) Limited for a consideration of R14 million. Non-controlling interest of R13 656 000 has been derecognised and the equity attributable to shareholders of the parent company has been decreased by R344 000. The net effect on equity is a reduction of R14 million.
 - Litigation**
A referral was made to the Competition Tribunal regarding alleged anti-competitive conduct by subsidiaries in the group in 2008. Astral lodged a dismissal application based on the late inclusion of Ross Poultry Breeders (Pty) Limited to the complaint and on 20 October 2011 the Competition Tribunal ruled in favour of Astral, dismissing the joint order of Ross Poultry Breeders to the initial complaint. The group is still opposing the initial referral.
The Competition Commission received an application for immunity in which an allegation was made regarding anti-competitive conduct in the market for fresh chicken products during the periods 2003 to 2007, implicating one of Astral's business units. The company has since undertaken a comprehensive investigation into the allegations. Regrettably, Astral's investigation has found some of the allegations are correct. Astral is currently engaged with the Competition Commission in relation to the finding of Astral's internal investigation.
The Competition Commission issued a summons on 16 August 2011 to Astral and two other feed companies regarding conduct in the dairy feed industry requesting information relating to Astral's involvement in the business of a dairy study group in the Western Cape. Astral's response and the required information was submitted on 16 September 2011.
Astral offered all reasonable cooperation to the Competition Commission in regard to all investigations and summonses and remained committed not to entertain any anti-competitive conduct.

Financial Overview

Headline earnings for the year increased by 20% to R437 million from last year's R365 million, mainly as result of improved profitability from the poultry operations.

Revenue increased by 3% from R8 368 million to R8 606 million,