

Kaap Agri Limited ("Kaap Agri", or "the Group")
Incorporated in the Republic of South Africa
Registration number: 2011/113185/06
Income tax number: 9312717177
Share code: KAL
ISIN code: ZAE000244711

Summarised consolidated financial statements for the year ended 30 September 2018

Salient features

Value of transactions up 7,1% to R8 786 451
Recurring headline earnings per share up 0,7% to 354,1 cents
Final dividend per share up 2,5% to 84,7 cents
Total dividend per share up 4,2% to 116,7 cents

Commentary

Financial review

The Kaap Agri summary report provides an overview of the activities, results and financial position of the Group for the year ended 30 September 2018.

The Group specialises in trading in agricultural, fuel and related retail markets in Southern Africa. With its strategic footprint, infrastructure, facilities and client network, it follows a differentiated market approach. In support of the core retail business, the Group also offers financial, grain handling and agency services. Kaap Agri has over 200 operating points located in eight of the nine South African provinces as well as in Namibia.

Operating environment

The agricultural environment remains heavily impacted by climatic conditions in the various areas in which we operate as well as foreign exchange volatility. Policy uncertainty, especially with regard to expropriation without compensation, has negatively impacted capital investment and expansions in the agricultural sector. On the retail side, the consumer environment further deteriorated during the latter part of the financial year, driven by severe fuel price increases, the VAT increase and rising inflation. The ongoing diversification of Kaap Agri has mitigated these impacts to a degree, with strong real revenue growth experienced across all income streams.

Financial results

Kaap Agri increased revenue by 2,1% to approximately R6,55 billion, up from R6,42 billion in the previous financial year on a statutory basis. However, as shown in Annexure A on a pro forma basis, revenue increased by 8,1% with like-for-like comparable growth of 6,9%. This growth in revenue was driven mainly by a 12,1% increase in the number of transactions. Product inflation is estimated at 5,1% but excluding the large inflationary impact of fuel in the revenue basket, inflation was -0,1%. The strong revenue growth during exceptionally tough trading conditions is reflective of our ongoing diversification and resilience. Retail sales growth continues to outperform agricultural sales growth, albeit from a lower base; and for the first time the retail income channel generated trading profits in excess of the agriculture income channel.

During the period five new and managed retail fuel sites were opened with total Group fuel volumes increasing by 18,4% in the year. The Fuel Company ("TFC") grew fuel volumes by 15,8% on owned sites and by 38,5% when including managed sites awaiting regulatory approval. Further TFC site acquisitions are at various stages of conclusion. Additional sit-down as well as on-the-go food offerings were added to further complement existing retail fuel site offerings. Our upgraded retail format was rolled out to four Agrimark stores and a number of smaller upgrades and expansions were completed within the Agrimark and Pakmark environments. This continuing investment in the business is essential to deliver sustained revenue growth going forward. New Agrimark footprint expansion opportunities are being investigated.

Gross profit has increased by 0,9% on a statutory basis. However, as shown in Annexure A on a pro forma basis, gross profit increased by 5,0% but at a rate lower than revenue growth. The impact of higher margin retail sales has been offset by the increased contribution of fuel sales at lower margins. Fuel prices have increased by between 17,2% (petrol) and 23,1% (diesel) compared to last year with lower regulated margin growth, thus significantly reducing the margin % on fuel revenue as well as the overall Group margin %.

Expenditure increased by 0,7% on a statutory basis. However, as shown in Annexure A on a pro forma basis, expenditure increased by 6,7%, above gross profit growth and with the largest spend being on people and variable sales related costs. Further cost has been incurred in improving our supply chain capabilities in support of our strategic drive to increase and improve our retail offerings. Cost management remains a focus area within the business.

The Kaap Agri (Namibia) ("KAN") business has benefitted from the combined strength and offering of the two joint venture parties and is steadily contributing to an enhanced customer experience through improved execution and product ranging. The performance of this business is expected to

improve over the medium term.

Interest received grew by 2,7%, a result of a higher average debtors book driven by increased credit sales. Interest paid increased by 19,1% due to additional gearing of R230,9 million to finance capital expansion and the acquisition of operations.

EBITDA grew by 6,9%, outperforming the growth in recurring headline earnings ("RHE"), due to the impact of depreciation and interest paid resulting from ongoing expansion and acquisition activities.

The Group's effective tax rate of 27,8% is in line with expectations (2017: 27,5%).

RHE grew by 1,7%. We estimate the drought impact on Wesgraan and agri-retail to be 11,3% of the targeted 15% growth with a further 6,5% impact due to regulatory delays in the retail fuel environment. The remainder of the business grew by 4,5%.

RHE per share of 354,10 cents have grown by 0,7% on last year, resulting in a five year compound annual growth rate of 14,1% until 30 September 2018. Once-off items, predominantly costs associated with new business development, are excluded from headline earnings to calculate RHE. Return on revenue has reduced to 3,8% from 4,1% last year, largely impacted by fuel price increases and the increased mix contribution of lower margin fuel.

Operating results

Income growth from the Trading division, which includes the Agrimark retail branches, Pakmark packaging material distribution centres, mechanisation services and spare parts was down 0,3% year on year with operating profit before tax increasing by 9,4%. The impact of equity accounting KAN negatively impacted income growth by 9,5%. Improved agri and retail margins have been partially offset by agricultural related fuel sales at reduced margins.

Significant growth was realised in TFC with income growing 30,1% and operating profit before tax increasing by 34,5%. This division is expected to continue reflecting ongoing strong growth.

Wesgraan, which includes grain handling and storage of grain and related products, seed processing and potato seed marketing, was heavily impacted by the drought and lower wheat volumes and income dropped by 38,2%, resulting in a decrease in operating profit before tax of 54,5%. This performance is expected to recover to normalised levels in the new year off significantly improved wheat harvests.

Irrigation manufacturing, also impacted by drought conditions in the Western Cape but partly offset by positive agricultural conditions in the northern parts of the country, grew income by 3,2% and operating profit before tax by 2,8%.

The Corporate division, which includes the cost of support services as well as other costs not allocated to specific segments, represents 1,4% of turnover (2017:1,7%).

Treasury income, which represents the net internal interest received less interest paid, decreased by 18,5% due to increased gearing used for expansion and growth purposes.

Financial position

Capital expenditure of R245,1 million was incurred during the year. Of this, R126,8 million was directed to capacity expansion while a further R3,8 million was spent on replacement assets. An additional R114,5 million was spent on the acquisition of business operations.

Working capital has been well controlled. Although debtors have grown slightly above the increase in credit sales, this has been due to select payment extensions granted to a small number of producers who have been severely impacted by the drought. The financial strength of these producers, assisted by an improved current year yield, is expected to allow for a full repayment within the first six months of the new financial year. Adequate securities are held on these producers.

Stock days have remained relatively constant year on year, supported by higher retail and fuel sales contributions and the increased participation of our centralised distribution centre. Creditors' payment terms have increased marginally. Return on net assets has decreased to 9,7% from 10,6% last year, the result of lower current year earnings growth and continued investment in the business. This is expected to improve going forward as earnings recover and grow in line with our strategic plans.

Net interest-bearing borrowings increased by 31,6% to R961,6 million, largely due to the impact of capital expenditure to support growth and the increased debtors book as well as timing of cash flows at the 2017 year-end. Average borrowings increased by R82,2 million year on year. The Group's debt-to-equity ratio, calculated on average balances, decreased to 50,9% (2017: 51,1%) with net debt to EBITDA of 2,0 times (2017: 1,6 times) and interest cover of 5,5 times (2017: 6,9 times). Gearing is within appropriate levels, with sufficient facilities available to enable medium-term growth and access to adequate additional financing facilities, if required. Return on equity decreased to 15,2% (2017: 16,6%), but remains above the targeted minimum level of 15%.

The Group continues to generate strong cash flows from operations and significant investment has been made back into the business to support growth, in terms of increased capital expenditure and acquisitions.

Dividend

A gross final dividend of 84,70 cents per share (2017: 82,60 cents) has been approved and declared by the Board from income reserves, representing a 2,5% increase on the previous year. The final dividend amount, net of South African dividends tax of 20%, is 67,76 cents per share for those shareholders not exempt from dividends tax. Including the interim dividend, the total dividend for the year ended 30 September 2018 of 116,70 cents per share (2017: 112,00 cents) increased by 4,2% over the prior year and has grown at a compound annual growth rate ("CAGR") of 18,5% over the past five years. The total dividend per share represents a dividend cover of 2,9 times (2017: 3,0 times).

The salient dates for the distribution are:

Declaration date	Thursday, 29 November 2018
Last day to trade cum dividend	Tuesday, 12 February 2019
Trading ex dividend commences	Wednesday, 13 February 2019
Record date to qualify for dividend	Friday, 15 February 2019
Date of payment	Monday, 18 February 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 February 2019 and Friday, 15 February 2019, both days inclusive.

Outlook

Agricultural conditions in the Western Cape have largely improved year on year and farm dam levels are in a good position. Currently the outlook for a vastly improved wheat harvest and a normalised year in the fruit and vegetable environments is positive. The wheat harvest commenced in late October and indications are positive regarding total yield and quality. Conditions in the northern regions of the country are encouraging. The issue of expropriation without compensation is having an impact on confidence as well as expansions in the agricultural space.

Retail sales and general retail performance remain under pressure with glimpses of improvement starting to emerge. The November and December trading performance, being strong retail months, will give a better indication as to whether a sustained retail recovery is underway. Weakening exchange rates will negatively impact product and raw material imports.

The past year has been a challenging one, but our various growth strategies have partially mitigated the impact of the drought. We have continued on our path of selective strategic revenue generating expansion and acquisition and immersed ourselves in the customer experience to ensure that sustained and mutually beneficial engagements and relationships will continue. We believe that the continued focus on our strategic goals will contribute to the business recovering from the subdued 2018 performance and we remain on track to achieve our strategic medium-term plan growth targets of a minimum 15% CAGR in RHE at a minimum ROE of 15%.

Events after the reporting date

Subsequent to year-end, Kaap Agri acquired the majority shareholding in Partridge Building Supplies (Pty) Ltd ("PBS") which trades as Underberg Forge in Southern KwaZulu-Natal ("KZN") Midlands. PBS trades under three divisions: Forge Agri, Forge Build and Forge Trans. This acquisition provides Kaap Agri with an entry point into a new geographical region, KZN, as well as an additional business stream in the pasture-based dairy sector. This is fully aligned with our strategic intent to do more business, in more places, with more customers and with more products generating increased revenue.

The Group also obtained control of three retail fuel stations, two purchased from C-Max Investments 71 (Pty) Ltd and one from Edopax CC. The acquisition dates for the businesses were during October and November 2018.

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

Appreciation

The Board of directors records its appreciation for the continued support and loyalty of the Group's employees, shareholders, customers and suppliers. On behalf of the Board

GM Steyn
Chairman
29 November 2018

S Walsh
Chief Executive Officer

Statement of financial position

at 30 September

	Notes	2018 R'000	Restated 2017 R'000	Restated 2016 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	5	1 097 159	947 617	769 208
Intangible assets	6	168 165	99 482	48 094
Investment in joint venture	7	11 941	15 357	-
Loans		26 397	13 533	-
Deferred taxation		1 234	823	6 008
		1 304 896	1 076 812	823 310
Current assets				
Inventory		911 151	774 244	829 210
Trade and other receivables	8	1 664 483	1 499 420	1 444 292
Derivative financial instruments		6 487	348	10 335
Short-term portion of loans		-	23 925	26 821
Cash and cash equivalents		40 214	35 088	16 983
	2	622 335	2 333 025	2 327 641
Total assets		3 927 231	3 409 837	3 150 951
EQUITY AND LIABILITIES				
Capital and reserves				
		1 742 746	1 581 981	1 405 316
Non-current liabilities				
Deferred taxation		41 905	16 562	5 718
Finance lease liabilities		17 402	18 420	14 920
Employee benefit obligations		16 367	17 621	24 003
		75 674	52 603	44 641
Current liabilities				
Trade and other payables	9	1 095 812	987 819	805 329
Derivative financial instruments		-	348	10 335
Short-term portion of finance lease liabilities		8 542	6 192	3 657
Short-term portion of employee benefit obligations		1 914	13 478	7 569
Short-term borrowings	1	000 907	764 892	871 058
Income tax		1 636	2 524	3 046
	2	108 811	1 775 253	1 700 994
Total liabilities		2 184 485	1 827 856	1 745 635
Total equity and liabilities		3 927 231	3 409 837	3 150 951
Total shareholders' equity to total assets employed* (%)		45,3%	46,4%	47,1%
Net interest-bearing debt to total assets employed* (%)		23,1%	23,7%	25,3%
Net asset value per share (rand)		R24,84	R22,45	R19,94
Shares in issue (number - '000)		70 162	70 462	70 462
Total number of ordinary shares in issue**		74 170	74 170	74 170
Treasury shares		(4 008)	(3 708)	(3 708)

* Ratios calculated on average balances.

** There was no change in the issued share capital between 30 September 2018 and the dividend declaration date, being 74 170 277 shares.

Income statement
for the year ended 30 September

2018 Restated
2017

	R'000	R'000
Revenue	6 548 793	6 415 697
Cost of sales	(5 446 480)	(5 323 055)
Gross profit	1 102 313	1 092 642
Operating expenses	(787 094)	(803 520)
Operating profit before interest received	315 219	289 122
Interest received	115 840	112 780
Operating profit	431 059	401 902
Finance costs	(82 739)	(69 481)
Share in profit/(loss) of joint venture	(3 416)	201
Profit before tax	344 904	332 622
Income tax	(95 947)	(91 497)
Profit for the period	248 957	241 125
Attributable to equity holders of the holding company	246 247	241 125
Non-controlling interest	2 710	-
Earnings per share - basic (cents)	349,80	342,21
Earnings per share - diluted (cents)	346,90	339,35
Dividend per share (cents)	116,70	112,00

Headline earnings reconciliation
for the year ended 30 September

	2018 R'000	Restated 2017 R'000
Profit for the period	248 957	241 125
Attributable to equity holders of the holding company	246 247	241 125
Non-controlling interest	2 710	-
Net profit on disposal of assets	(578)	(137)
Gross	(803)	(190)
Tax effect	225	53
Net loss on disposal of share in subsidiary and impairment of joint venture	-	2 211
Loss on disposal of share in subsidiary	-	1 088
Fair value adjustment on loss of control	-	1 123
Tax effect	-	-
Headline earnings	248 379	243 199
Attributable to equity holders of the holding company	245 669	243 199
Non-controlling interest	2 710	-
Non-recurring expenses*	3 604	4 470
Recurring headline earnings	251 983	247 669
Attributable to equity holders of the holding company	249 273	247 669
Non-controlling interest	2 710	-
Headline earnings per share - basic (cents)	348,98	345,15
Headline earnings per share - diluted (cents)	346,09	342,26
Recurring headline earnings per share (cents)	354,10	351,49
Weighted average number of shares (number - '000)	70 396	70 462
Weighted average number of diluted shares (number - '000)	70 984	71 056

* Non-recurring expenses consist predominantly of once-off costs associated with acquisitions of new businesses and other restructuring costs in the current year and the JSE listing in the previous year.

Statement of comprehensive income
for the year ended 30 September

	2018 R'000	Restated 2017 R'000
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Profit for the period	248 957	241 125
Other comprehensive income:		
Cash flow hedges	(394)	384
Gross	(547)	533
Tax	153	(149)
Total comprehensive income for the period	248 563	241 509
Attributable to equity holders of the holding company	245 853	241 509
Non-controlling interest	2 710	-

Statement of changes in equity
for the year ended 30 September

	2018	Restated 2017
	R'000	R'000
Share capital	443 921	456 643
Gross shares issued	480 347	480 347
Treasury shares	(36 426)	(23 704)
Other reserves	9 172	3 893
Opening balance	3 893	(277)
Share-based payments	5 673	3 786
Other comprehensive income	(394)	384
Retained profit	1 286 943	1 121 445
Opening balance - restated	1 121 445	948 950
Profit for the period	246 247	241 125
Dividends paid	(80 749)	(68 630)
Non-controlling interest		
Profit for the period	2 710	-
Capital and reserves	1 742 746	1 581 981

Statement of cash flows
for the year ended 30 September

	2018	Restated 2017
	R'000	R'000
Cash flow from operating activities	237 025	489 704
Net cash profit from operating activities	451 431	481 053
Working capital changes	(127 150)	103 162
Income tax paid	(87 256)	(94 511)
Cash flow from investment activities	(283 503)	(272 985)
Purchase of property, plant and equipment	(130 615)	(201 616)
Proceeds on disposal of property, plant and equipment	2 736	775
Prepayments made during the year	(52 900)	-
Decrease in loans	11 776	18 555
Acquisition of operations	(114 500)	(90 699)
Cash flow from financing activities	51 604	(198 614)
Increase/(decrease) in short-term loans	236 015	(56 045)
Increase in finance lease liabilities	(8 201)	(4 458)
Interest paid	(82 739)	(69 481)
Treasury shares acquired	(12 722)	-
Dividends paid	(80 749)	(68 630)
Net increase in cash and cash equivalents	5 126	18 105
Cash and cash equivalents at the beginning of the year	35 088	16 983
Cash and cash equivalents at the end of the year	40 214	35 088

Notes to the summarised consolidated financial statements
for the year ended 30 September

1. Basis of presentation and accounting policies

The Group's preliminary summarised consolidated financial statements for the year ended 30 September 2018 have been prepared in accordance with the requirements of the JSE Limited ("JSE") for summary financial statements, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements of the JSE require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 "Interim Financial Reporting".

The Group's summarised consolidated financial statements is an extract from the audited information, but this summary report has not been audited. The Group annual financial statements for the year were audited by PricewaterhouseCoopers Inc., and their unmodified audit report on this set of information, is available for inspection at the company's registered office. The Group's auditors have not reviewed nor reported on any comments relating to prospects.

The directors take full responsibility for the preparation of the summarised Group financial statements and that the financial information has been correctly extracted from the underlying financial records.

The Group's summarised consolidated financial statements for the year ended 30 September 2018 were prepared by GC Victor CA(SA), the Group's financial manager under supervision of GW Sim CA(SA) the Group's financial director.

2. Accounting policies

The accounting policies applied in the preparation of the Group financial statements from which the Group's summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous Group financial statements.

3. Critical accounting estimates and assumptions

In preparing the Group's summarised financial statements, the significant judgements made by management in applying the Group's accounting policies of estimation uncertainty were the same as those that applied to the Group annual financial statements for the year ended 30 September 2018. The estimates and assumptions 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.

Provision for impairment of trade receivables

In estimating the provision for impairment of trade receivables, management makes certain estimates and judgements relating to the estimated recovery rate of debtors who are deemed to be impaired. This includes an assessment of current and expected future payment profiles and customer specific risk factors such as economic circumstances, geographical location and the value of security held.

4. Fair value estimation

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The only financial instruments that are carried at fair value are derivative financial instruments held for hedging.

The fair value is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price (Level 2).

Level 2 hedging derivatives comprise forward purchase and sale contracts and options. The effects of discounting are generally insignificant for Level 2 derivatives.

The fair value of the following financial instruments approximate their carrying amount at the reporting date:

- Trade and other receivables
- Loans
- Trade and other payables
- Short-term borrowings
- Finance lease liabilities

	2018 R'000	2017 R'000
5. Property, plant and equipment		
Reconciliation of movements in carrying value:		
Carrying value beginning of period	947 617	769 208
Additions	140 148	212 109
Land and buildings	31 275	32 521
Grain silos	4 122	-
Machinery and equipment	13 027	23 015
Vehicles	10 397	14 144
Office furniture and equipment	11 198	13 000
Leasehold properties	433	816
Assets under construction	69 696	128 613
Additions through business combinations	61 017	43 067
Sale of share in subsidiary	-	(35 393)
Disposals	(1 933)	(584)
Depreciation	(49 690)	(40 790)
Carrying value end of period	1 097 159	947 617
Land and buildings	807 595	651 842
Grain silos	21 636	16 782
Machinery and equipment	95 877	90 362
Vehicles	28 915	27 927
Office furniture and equipment	87 116	54 083
Leasehold properties	22 568	14 708
Assets under construction	33 452	91 913

Vehicles include the following amounts where the Group is a lessee under a finance lease:

Cost	39 451	29 918
Accumulated depreciation	(16 826)	(9 299)
Carrying value	22 625	20 619

6. Intangible assets

Reconciliation of movements in carrying value:

Carrying value beginning of period	99 482	48 094
Additions through business combinations	69 744	53 217
Amortisation	(1 061)	(1 829)
Carrying value end of period	168 165	99 482
Goodwill	167 695	97 951
Customer relations	470	1 531

To assess for impairment of goodwill, a value in use calculation was done per CGU. Income and expenses were increased at the expected inflation rate and a discount rate of 11% to 15% was used depending on the CGU's specific risk profile. No impairment was recognised, with no indicators that the calculation is sensitive to reasonable change in assumptions. The most significant CGU being Total Clayville (carrying value: R37,8 million), Engen Clayville (carrying value: R31,9 million) and MBT Brits (carrying value: R35,9 million) calculated with discount rates of between 11% - 15% and terminal growth rates of between 7% - 10%.

	2018 R'000	Restated 2017 R'000
7. Investment in joint venture		
Kaap Agri (Namibia) (Pty) Ltd		
Beginning of year	15 357	-
Carrying value at date of acquisition	-	16 279
Fair value adjustment on loss of control	-	(1 123)
Share in total comprehensive income	(3 416)	201
	11 941	15 357

8. Trade and other receivables

Trade debtors	1 549 498	1 438 292
Provision for impairment	(39 909)	(45 313)
VAT	1 509 589	1 392 979
Prepayments	45 932	44 842
Pupkewitz Holdings	52 900	-
Other debtors	-	16 550
	56 062	45 049
	1 664 483	1 499 420

9. Trade and other payables

Trade creditors	1 000 982	871 343
Employee accruals	42 177	50 179
Other creditors	52 653	66 297
	1 095 812	987 819

10. Information about operating segments

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business from a divisional perspective. The performance of the following divisions are separately considered: Trade, The Fuel Company ("TFC"), Wesgraan as well as Irrigation manufacturing. The performance of the operating segments are assessed based on a measure of revenue and net profit before taxation.

Trade provides a complete range of production inputs, mechanisation equipment and services, and other goods to agricultural producers as well as the general public.

TFC provides a full retail fuel offering to a diverse range of customers, including convenience store and quick service restaurant outlets.

Wesgraan provides a complete range of marketing and hedging options as well as handling grain products between producer and buyer.

Irrigation manufacturing, manufactures dripper pipe and other irrigation equipment and distributes franchise and other irrigation parts.

Segment revenue and results

	SEGMENT REVENUE		SEGMENT RESULTS	
	Restated		Restated	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Trade	4 120 868	4 134 625	241 947	221 257
TFC	1 802 049	1 385 271	85 809	63 782
Wesgraan	439 121	710 239	23 611	51 922
Irrigation manufacturing	186 755	180 976	25 952	25 248
Total for reportable segments	6 548 793	6 411 111	377 319	362 209
Corporate	-	4 586	(94 237)	(109 851)
Treasury	-	-	65 238	80 063
Share in profit/(loss) of joint venture	-	-	(3 416)	201
Total external revenue	6 548 793	6 415 697		
Profit before tax			344 904	332 622
Income tax			(95 947)	(91 497)
Profit after tax			248 957	241 125

Segment assets and liabilities

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	Restated		Restated	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Trade	1 430 303	1 251 648	888 404	840 833
TFC	546 449	340 921	121 215	24 420

Wesgraan	97 440	68 980	12 638	25 704
Irrigation manufacturing	71 740	64 016	25 925	29 822
Total for reportable segments	2 145 932	1 725 565	1 048 182	920 779
Corporate	258 535	275 113	93 491	125 623
Trade debtors	1 509 589	1 392 979	-	-
Investment in joint venture	11 941	15 357	-	-
Short-term borrowings	-	-	1 000 907	764 892
Deferred taxation	1 234	823	41 905	16 562
	3 927 231	3 409 837	2 184 485	1 827 856

2018
R'000

2017
R'000

11. Capital commitments

Contracted 71 956 74 250

These commitments have been approved by the Board of directors. The commitments will be financed by own and borrowed funds.

12. Business combinations

In line with the Group's growth strategy to acquire businesses in the fuel sector, certain retail fuel operations and accompanying retail fuel properties were acquired. Goodwill on acquisition was paid on these businesses as the price is competitive in the context of other retail fuel operations and the business combination presents synergies within the Group and have further earnings potential.

A purchase price allocation as required by IFRS 3 - Business combinations was provisionally performed and no material intangible assets were identified, other than fuel site operating licenses, which are recognised with the property that it relates to as one asset as these assets have similar useful lives.

The Group does not disclose revenue and profit of the combined entities as if the acquisitions occurred at the beginning of the reporting period, because the Group does not have access to the relevant information before the Group obtained control over the businesses.

The Group acquired the following assets through business combinations:

Total Clayville service station on 1 July 2018

Engen Clayville service station on 1 August 2018

	Total R	Engen Clayville R	Total Clayville R
Carrying value			
Assets			
Property, plant and equipment	71 100	32 200	38 900
Inventory	824	157	667
	71 924	32 357	39 567
Fair value			
Assets			
Property, plant and equipment	61 016	25 108	35 908
Inventory	824	157	667
Deferred taxation	(17 084)	(7 030)	(10 054)
Goodwill	69 744	31 965	37 779
Purchase consideration paid in cash	114 500	50 200	64 300

The acquired businesses contributed as follows since acquisition to the Group's results:

Revenue	65 680	23 173	42 507
Net profit	3 454	1 801	1 653

13. Events after reporting date

In line with the Group's growth strategy to acquire businesses in the fuel sector, certain retail fuel operations and accompanying retail fuel

properties were acquired after year-end.

Two service stations were purchased from C-Max Investments 71 (Pty) Ltd. The acquisition dates for the two businesses were during October and November 2018 respectively. Goodwill is recognised based on the expected synergies from combining operations with the acquiree. The purchase consideration of R84,9 million will be paid through issuance of shares in a subsidiary company.

A service station (Total Summit Road) was purchased from Edopax CC. The purchase consideration of R52,9 million was paid and treated as a prepayment in the current year.

In terms of IFRS 3 Business Combinations the purchase price of the transaction will be allocated to tangible assets (mainly property, plant and equipment and other net assets) and the balance will be allocated to goodwill. At the date of the publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

The Group also acquired a 60% shareholding in Partridge Building Supplies (Pty) Ltd in exchange for cash consideration of R48 million.

In terms of IFRS 3 Business Combinations the purchase price of the Partridge Building Supplies (Pty) Ltd business will be allocated to tangible assets (mainly property, plant and equipment and other net assets) and intangible assets (mainly trade names and customer relationships) and the balance will be allocated to goodwill. At the date of the publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

14. Restatement of comparative amounts

Other income

In the prior year the internal delivery costs recovered were disclosed under other income and should have been set off against the internal expense.

The 2017 income statement of the Group was restated. The effect on the financial statements of the Group is as follows:

	Original balance R'000	2017 Restatement R'000	Restated balance R'000
Effect on statement of comprehensive income			
Other operating income	181 705	(29 337)	152 368
Selling and distribution costs	(123 311)	29 337	(93 974)
Profit before tax	332 622	-	332 622

Classification of leases

During the year, the Group reassessed the classification of leases relating to their vehicle fleet and identified that a number of leases previously classified as operating leases should be classified as finance leases.

The correction of the classification has been applied retrospectively. This has resulted in restatement of the comparative consolidated financial statements for the year ended 30 September 2017, with the impact on the respective financial statement line items as follows:

	2017			2016		
	Original balance R'000	Restatement R'000	Restated balance R'000	Original balance R'000	Restatement R'000	Restated balance R'000
Effect on statement of financial position						
Non-current assets						
Property, plant and equipment	926 998	20 619	947 617	753 593	15 615	769 208
Current assets						
Trade and other receivables	1 496 333	3 087	1 499 420	1 441 831	2 461	1 444 292
Non-current liabilities						
Finance lease liabilities	-	(18 420)	(18 420)	-	(14 920)	(14 920)
Deferred taxation	(16 815)	253	(16 562)	(5 858)	140	(5 718)
Current liabilities						
Short-term portion finance lease liabilities	-	(6 192)	(6 192)	-	(3 657)	(3 657)

Capital and reserves						
Retained profit	(1 122 098)	653	(1 121 445)	(949 311)	361	(948 950)

	Original balance R'000	2017 Restatement R'000	Restated balance R'000
Effect on statement of comprehensive income			
Administrative expenses	(514 110)	(4)	(514 114)
Other operating expenses	(234 888)	2 079	(232 809)
Finance costs	(67 001)	(2 480)	(69 481)
Profit before tax	333 027	(405)	332 622
Profit attributable to shareholders of the holding company	241 417	(292)	241 125
Effect on statement of cash flows			
Cash flow from operating activities			
Net cash profit from operating activities	473 489	7 564	481 053
Working capital changes	103 788	(626)	103 162
Cash flow from investment activities			
Increase in finance lease liabilities	-	(4 458)	(4 458)
Interest paid	(67 001)	(2 480)	(69 481)
Basic earnings per share (cents)	342,62	(0,41)	342,21
Diluted earnings per share (cents)	339,76	(0,41)	339,35
Basic headline earnings per share (cents)	345,56	(0,41)	345,15
Diluted headline earnings per share (cents)	342,67	(0,41)	342,26

Annexure A

Pro forma financial information: Partial disposal of Kaap Agri (Namibia)

As announced on SENS on 3 August 2017, the company disposed of 50% of its interest in KAN, which was previously a wholly-owned subsidiary of the company. In terms of International Financial Reporting Standards, Kaap Agri's remaining non-controlling interest in KAN is equity accounted from 1 August 2017, while it was consolidated prior to this date. To allow for a meaningful comparison, the commentary and pro forma adjustments regarding revenue, gross profit and expenditure have been prepared for illustrative purposes only and on the basis of the consistent treatment of KAN as an equity investment for both the years ending 30 September 2017 and 30 September 2018.

The pro forma financial effects are presented in accordance with the JSE Listings Requirements, the Guide on Pro Forma Financial Information issued by SAICA and the measurement and recognition requirements of International Financial Reporting Standards. The accounting policies applied in quantifying pro forma adjustments are consistent with Kaap Agri's accounting policies at 30 September 2018. The pro forma financial information is the responsibility of the directors and has not been reviewed or reported on by the company's external auditors.

An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information) has been issued by the Group's auditors in respect of the pro forma financial information included in this announcement. The assurance report is available for inspection at the registered office of the company.

	Statutory 12 months(1) R'000	KAN 10 months(2) R'000	Pro forma 12 months(3) R'000
Revenue	6 415 697	(359 976)	6 055 721
Gross profit	1 092 642	(42 399)	1 050 243
Expenditure	(843 108)	47 899	(795 209)

(1) The column titled "Statutory 12 months" has been extracted without adjustment from the Kaap Agri audited results for the period ended 30 September 2017.

(2) The column titled "KAN 10 months" represents the unaudited revenue, gross profit and expenditure of KAN for the period ended 31 July 2017.

(3) The column titled "Pro forma 12 months" represents the Kaap Agri pro forma revenue, gross profit and expenditure after adjustment for the KAN

disposal.

All pro forma adjustments will have a continuing effect on the financial results of Kaap Agri.

Corporate information

Directors

GM Steyn (Chairman)*#

S Walsh (Chief Executive Officer)

GW Sim (Financial Director)

BS du Toit*#

D du Toit*#

JH le Roux*

EA Messina*#

WC Michaels*#

CA Otto*#

HM Smit*#

JH van Niekerk*#

I Chalumbira* (Appointed 19 September 2018)

* Non-executive

Independent

Transfer Secretaries

Computershare Investor Services (Pty) Ltd

Registration number: 2004/003647/07

Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

PO Box 61051, Marshalltown, 2107

Fax number: 086 636 7200

Company Secretary

RH Kostens

Registered address

1 Westhoven Street, Paarl, 7646

Suite 110, Private bag X3041, Paarl, 7620

Telephone number: 021 860 3750

Fax number: 021 860 3314

Web address: www.kaapagri.co.za

Auditors

PricewaterhouseCoopers Inc.

Sponsor

PSG Capital (Pty) Ltd

Registration number: 2006/015817/07

1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600

PO Box 7403, Stellenbosch, 7599 and

2nd Floor, 11 Alice Lane, Sandhurst, Sandton, 2196

PO Box 987, Parklands, 2121