

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

UNAUDITED INTERIM RESULTS AND DIVIDEND DECLARATION
 for the six months ended 31 March 2018

Revenue increased 15%
 Operating profit increased 393%
 Earnings per share increased 460%
 Headline earnings per share increased 455%
 Interim dividend R10.00 per share

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2018 R'000	Unaudited six months ended 31 March 2017 R'000	% change	Audited 12 months ended 30 Sept 2017 R'000
Revenue	6 666 331	5 794 696	15	12 351 125
Cost of sales	(4 718 445)	(4 853 542)	107	(9 780 667)
Gross profit	1 947 886	941 154		2 570 458
Administrative expenses	(450 489)	(310 574)		(714 222)
Distribution costs	(360 956)	(331 757)		(673 805)
Marketing expenditure	(93 117)	(90 737)		(168 944)
Other income and gains	837	3 889		64 974
Profit before interest and tax (note 4)	1 044 161	211 975	393	1 078 461
Finance costs - net	21 960	(15 970)		(14 839)
Finance income	26 569	343		5 088
Finance costs	(4 609)	(16 313)		(19 927)
Profit before income tax	1 066 121	196 005	444	1 063 622
Tax expense	(299 578)	(59 939)		(308 709)
Profit for the period	766 543	136 066	463	754 913
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of post-employment benefit obligations (net of deferred tax)				3 742
Items that may be subsequently reclassified to profit or loss				
Foreign currency gain on investment loans to foreign subsidiaries	526	2 857		5 747
Foreign currency translation adjustments	(12 014)	(1 524)		(3 080)
Total comprehensive income for the period	755 055	137 399	450	761 322
Profit attributable to:				
Equity holders of the holding company	764 824	136 448	461	754 405
Non-controlling interests	1 719	(382)	(550)	508
	766 543	136 066	463	754 913
Comprehensive income attributable to:				

Equity holders of the holding company	753 336	137 769	447	760 792
Non-controlling interests	1 719	(370)	(565)	530
	755 055	137 399	450	761 322
Earnings per share (Rand)				
- basic	R19.73	R3.53	460	R19.48
- diluted	R19.71	R3.52	459	R19.47

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited six months ended 31 March 2018 R'000	Unaudited six months ended 31 March 2017 R'000	Audited 12 months ended 30 Sept 2017 R'000
ASSETS			
Non-current assets	2 301 542	2 221 219	2 228 052
Property, plant and equipment	2 103 837	2 037 796	2 036 033
Intangible assets	61 570	44 544	55 884
Goodwill	136 135	136 135	136 135
Investments and loans		2 744	
Current assets	3 580 376	2 625 619	3 128 210
Biological assets	759 316	718 981	658 047
Inventories	593 618	832 713	551 278
Trade and other receivables	1 226 851	989 918	1 221 039
Current tax asset	30 579	32 141	30 579
Cash and cash equivalents	970 012	51 866	667 267
Assets held for sale		24 826	
Total assets	5 881 918	4 871 664	5 356 262
EQUITY			
Capital and reserves attributable to equity holders of the parent company	3 438 883	2 467 166	3 022 466
Issued capital	83 727	79 450	81 463
Treasury shares	(204 435)	(204 435)	(204 435)
Reserves	3 559 591	2 592 151	3 145 438
Non-controlling interest	12 241	9 622	10 522
Total equity	3 451 124	2 476 788	3 032 988
LIABILITIES			
Non-current liabilities	597 500	630 976	609 699
Deferred tax liability	453 738	481 047	433 469
Employment benefit obligations	143 762	149 929	176 230
Current liabilities	1 833 294	1 763 900	1 713 575
Trade and other liabilities	1 393 173	1 365 946	1 248 050
Employment benefit obligations	341 225	174 633	306 511
Current tax liabilities	61 213	6 961	42 390
Borrowings (note 6)	35 556	214 431	114 692
Shareholders for dividend	2 127	1 929	1 932
Total liabilities	2 430 794	2 394 876	2 323 274
Total equity and liabilities	5 881 918	4 871 664	5 356 262

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2018 R'000	Unaudited six months ended 31 March 2017 R'000	Audited 12 months ended 30 Sept 2017 R'000
Cash operating profit	1 102 157	281 579	1 428 219
Changes in working capital	(49 778)	(38 607)	(63 512)
Cash generated from operating activities	1 052 379	242 972	1 364 707
Income tax paid	(258 974)	(49 649)	(310 259)
Cash flows from operating activities	793 405	193 323	1 054 448
Cash used in investing activities	(69 031)	(67 899)	(145 256)
Purchases of property, plant and equipment	(127 003)	(60 810)	(157 606)
Costs incurred on intangibles	(8 645)	(8 034)	(22 492)
Proceeds on disposal of property, plant and equipment	48	945	1 510
Finance income	26 569		5 088
Payment received on investment sold during previous year	40 000		
Cost incurred with disposal of investment			(624)
Government grant received			28 868
Cash flows to financing activities	(338 701)	(71 118)	(152 349)
Dividends paid	(338 988)	(38 697)	(108 429)
Proceeds from shares issued	2 264	5 493	7 506
Finance expense	(1 977)	(14 417)	(16 140)
Decrease in borrowings		(23 497)	(35 286)
Net movement in cash and cash equivalents	385 673	54 306	756 843
Effects of exchange rate changes	(3 792)	(338)	476
Cash and cash equivalent balances at beginning of year	552 575	(204 744)	(204 744)
Cash and cash equivalent balances at end of period (note 7)	934 456	(150 776)	552 575

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2018 R'000	Unaudited six months ended 31 March 2017 R'000	Audited 12 months ended 30 Sept 2017 R'000
Balance at beginning of year	3 032 988	2 372 534	2 372 534
Profit for the period	766 543	136 066	754 913
Other comprehensive income for the period, net of tax	(11 488)	1 333	6 409
Dividends to the company's shareholders	(339 183)	(38 706)	(108 441)
Proceeds on shares issued	2 264	5 493	7 506
Option value of share options granted		68	67
Balance at end of period	3 451 124	2 476 788	3 032 988

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Unaudited six months ended	Unaudited six months ended	Audited 12 months ended

	31 March 2018 R'000	31 March 2017 R'000	% change	30 Sept 2017 R'000
Revenue				
Poultry	5 480 838	4 455 856	23	9 850 348
Feed	3 096 521	3 448 115	(10)	6 583 184
Other Africa	184 519	215 613	(14)	426 530
Inter-group	(2 095 547)	(2 324 888)		(4 508 937)
	6 666 331	5 794 696	15	12 351 125
Profit before interest and tax				
Poultry	835 815	22 301	Inf.	629 760
Feed	191 479	184 404	4	391 376
Other Africa	16 867	5 270	220	26 775
Profit on sale of investment				30 550
	1 044 161	211 975	393	1 078 461

ADDITIONAL INFORMATION

	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017	% change	Audited 12 months ended 30 Sept 2017
Headline earnings (R'000) - (note 5)	765 333	137 645	456	735 323
Headline earnings per share (Rand)				
- basic	R19.74	R3.56	455	R18.99
- diluted	R19.72	R3.55	456	R18.97
Dividends per share (Rand) - declared out of earnings for the period				
- Interim dividend	R10.00	R1.80		R1.80
- Final dividend				R8.75
- Total dividend				R10.55
Number of ordinary shares				
- Issued net of treasury shares	38 773 208	38 739 308		38 752 208
- Weighted - average	38 762 630	38 705 146		38 724 902
- Diluted weighted - average	38 806 822	38 732 173		38 753 283
Net cash/(debt) - cash and cash equivalents less borrowings (R'000)	934 456	(162 565)		552 575
Net debt to equity percentage		6.6%		
Net asset value per share (Rand)	R88.69	R63.69		R77.99

NOTES

- 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.
- Basis of preparation
The condensed interim financial statements for the six months ended 31 March 2018 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). These condensed interim financial statements have been prepared under the supervision of the financial director, DD Ferreira CA(SA).

These condensed interim financial statements have not been reviewed or audited by the group's auditors.

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 2017.

	Unaudited six months ended 31 March 2018 R'000	Unaudited six months ended 31 March 2017 R'000	Audited 12 months ended 30 Sept 2017 R'000
4. Profit before interest and tax			
The following items have been accounted for in the profit before interest and tax:			
Biological assets - fair value gain/(loss)	996	(3 951)	2 856
Amortisation of intangible assets	2 911	2 119	5 243
Depreciation on property, plant and equipment	75 459	70 776	143 490
(Loss)/profit on sale of property, plant and equipment	(705)	(1 574)	753
Foreign exchange (losses)/gains	(1 885)	2 302	3 681
Assets scrapped			3 572
Insurance recoveries			13 476
Breeding and egg stock written off			53 512
Profit on sale of investment			30 550
	Unaudited six months ended 31 March 2018 R'000	Unaudited six months ended 31 March 2017 R'000	Audited 12 months ended 30 Sept 2017 R'000
5. Reconciliation to headline earnings			
Net profit attributable to shareholders	764 824	136 448	754 405
Loss/(profit) on sale of property, plant and equipment (net of tax)	509	1 197	(549)
Loss on assets scrapped (net of tax)			2 575
Profit on sale of investment (net of tax)			(20 627)
Insurance payments received in respect of assets written off (net of tax)			(481)
Headline earnings for the period	765 333	137 645	735 323
6. Borrowings			
Non-current			
Unsecured loans		11 789	
Portion payable within 12 months included in current liabilities		(11 789)	
Current			
Bank overdrafts	35 556	202 642	114 692
7. Cash and cash equivalents per cash flow statement			
Bank overdrafts (included in current borrowings)	(35 556)	(202 642)	(114 692)
Cash at bank and in hand	970 012	51 866	667 267
Cash and cash equivalents per cash flow statement	934 456	(150 776)	552 575
8. Capital commitments			
Capital expenditure approved not contracted	21 920	46 886	30 101

Capital expenditure contracted not recognised in financial statements	122 070	60 735	117 764
Cost on intangibles contracted not recognised in financial statements			426
Raw material contracted amounts not recognised in the statement of financial position	1 522 389	1 386 663	1 254 312

FINANCIAL OVERVIEW

The group's headline earnings for the six months ended 31 March 2018 at R765 million was an increase of 456% on the R138 million for the previous year's first six months. The Group benefited from favourable trading conditions in its poultry businesses, resulting in the improvement on the previous year's profits for the comparative period.

External revenue increased by 15.0% to R6 666 million, supported by a 23.0% increase in the poultry segment's revenue. The revenue of the feed businesses was lower in monetary value due to the lower input costs of maize raw materials.

The group's profit before interest and tax increased by 392.6% to R1 044 million. The Poultry segment's contribution of R836 million (March 2017: R22 million) was the main contributor to the group's profits, whilst the Feed segment's contribution at R191 million was 3.8 % up on the profit for the comparative period. The Other Africa segment's contribution to profits at R17 million, was a good improvement on the previous year's R5 million, however, still a relative low contribution to the group's results. The administrative expenses include a provision of R188 million for annual incentive bonuses to management and other employees, based on the financial performance to date and calculated in terms of the group's remuneration policy on short-term bonuses.

The group received net finance income of close to R22 million as result of its South African operations being in a net cash surplus position during the reporting period.

Cash inflow from operating activities at R1 052 million was a marked improvement on the previous year's inflow of R243 million following the improved operating profits, which also resulted in higher tax payments at R259 million. Additions to property, plant and equipment and to intangible assets during the reporting period amounted to R162 million of which R33 million was paid towards the end of the previous financial year. This, together with payments of outstanding amounts on the previous year's capital expenditure resulted in net capital expenditure of R136 million during the period (March 2017: R69 million). A payment of R40 million was received following the conclusion of the sale of an investment during September 2017. The outflow on dividends paid represents the final dividend declared in respect of the 2017 financial year, which was substantially higher due to the recovery in the profitability during the second half of the previous financial year. The net movement in cash and cash equivalents was positive with an inflow of R386 million for the period and a net surplus of R934 million at 31 March 2018.

The Board has declared an interim dividend of R10.00 per share which is based on a dividend cover of two times. The distribution will be accommodated within the liquidity capabilities of the group.

OPERATIONAL OVERVIEW

Poultry Division

Revenue increased by 23.0% to R5.5 billion (2017: R4.5 billion) largely driven by an increase in sales realisations as an improvement in poultry supply and demand balance gave pricing support. Imports during the period remained high but at a stable level. The change in legislated brine levels in combination with industry cutbacks, contributed to firmer market conditions.

Sales volumes were up by 12.6% (25 823 tons) mostly due to higher broiler production numbers (9 million birds) and

increased sales that reduced finished good stock levels. Sales realisations increased by 11.2%, of which a portion relates to the necessary price adjustment to offset the legislated change in brine levels of specific product lines in the prior period.

Broiler feed prices decreased 11.2% due to significantly lower raw material costs in the reporting period versus the prior year. Feed conversion efficiency further improved, contributing to a reduced feeding cost per broiler produced.

Profitability for the poultry division improved to R836 million (2017: R22 million) driven largely by the materially lower feed input costs and an improvement in sales realisations. The net profit margin improved to 15.2% (2017: 0.5%), in relation to one of the lowest reported profits in the prior period.

Poultry imports into the country continued unabated. Poultry imports from the European Union (EU) have reduced considerably due to the ongoing outbreaks of highly pathogenic bird flu in those exporting countries; with a major swing in imports towards Brazil and the United States of America (USA). On average the monthly total poultry imports for the period under review equalled approximately 44% of local production or an average of 46 850 tons per month.

The outbreak of highly pathogenic bird flu in South Africa caused significant damage to the local poultry industry in the prior calendar year. However, Astral's contingency plans allowed the group to avert a short supply of broilers, with the result that the group was able to maintain broiler slaughter volumes at approximately 5.1 million birds per week (2017: 4.9 million birds per week) for the period under review. No further incidents of bird flu and related costs were experienced during the period under review.

Feed Division

Revenue decreased by 10.2% to R3.1 billion (2017: R3.5 billion) as a direct result of lower feed selling prices on the back of markedly lower maize prices, notwithstanding an increase in sales volumes (up by 7.3%).

Higher external sales volumes (7.4%) were reported as livestock sectors recovered following the high feed costs associated with the 2016 drought. Internal sales increased (7.2%) due to a higher internal feed requirement as broiler placement numbers increased year-on-year.

The operating profit increased by 3.8% to R192 million (2017: R184 million) with an improvement in the operating profit margin to 6.2% (2017: 5.3%).

The record local maize crop for the 2017/18 marketing year of 16.8 million tons resulted in a significant decrease in feed prices for the reporting period.

Other Africa Division

This division, consisting of both feed and poultry operations in three countries namely; Zambia, Mozambique and Swaziland, reported a drop in revenue of 14.4% to R185 million (2017: R215 million), due largely to lower feed selling prices on the back of a reduction in raw material input costs. Sales volumes decreased by 5.0% driven largely by lower feed sales in Zambia. Operating profit increased to R17 million (2017: R5 million) driven by improved performances across all countries, and a turnaround in the profits of the Mozambican businesses.

OUTLOOK

- General business confidence improved as well as the prospect for foreign direct investment following the election of a new President for the country;
- A bumper maize crop in 2017 and the country set to harvest an above average maize crop in 2018 will stand us in good stead over the next period from a feed input cost point of view;
- Further unlocking the inherent genetic potential of the Ross broiler breed through optimised broiler nutrition therefore cementing Astral's best cost strategy;
- Higher level of competitiveness as producers have expanded broiler production numbers, and the pork industry has been forced to sell product at lower prices following the listeria outbreak;

- Continued high levels of poultry imports especially from the USA and Brazil, equivalent to over 40% of local poultry production;
- Highly Pathogenic Avian Influenza remains a threat and major concern for the poultry industry with the upcoming winter season.

Astral remains committed to its strategy of being the best cost integrated poultry producer, and will embark on various identified capital projects that will support its stated strategy, as well as organic growth and efficiency improvement opportunities.

DECLARATION OF ORDINARY DIVIDEND No 34

The board has approved an interim dividend of R10.00 per ordinary share (gross) in respect of the six months ended 31 March 2018.

The dividend will be subject to Dividends Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a)(i) to (x) and 11.17 (c) of the JSE Listings Requirements the following information is disclosed:

- The dividend has been declared out of income reserves
- The local Dividend Tax is 20% (twenty per centum)
- The gross local dividend is R10.00 per ordinary share for shareholders exempt from the Dividend Tax
- The net local dividend is R8.00 per ordinary share for shareholders liable to pay Dividend Tax
- Astral Foods Limited has currently 42 861 785 ordinary shares in issue(which includes 4 088 577 treasury shares held by a subsidiary), and
- Astral Foods Limited's income tax reference number is 9125190711

Shareholders are advised of the following dates in respect of the interim dividend:

Last date to trade cum-dividend	Tuesday, 5 June 2018
Shares commence trading ex-dividend	Wednesday, 6 June 2018
Record date	Friday, 8 June 2018
Payment of dividend	Monday, 11 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 June 2018 and Friday, 8 June 2018, both days inclusive.

On behalf of the board

T Eloff
Chairman

CE Schutte
Chief Executive Officer

Pretoria
9 May 2018

Registered office
92 Koranna Avenue, Doringkloof, Centurion, 0157, South Africa,
Postnet Suite 278, Private Bag X1028, Doringkloof, 0140,
Telephone: +27 (0)12 667 5468

Directors

Dr T Eloff (Chairman), *CE Schutte (Chief Executive Officer), *GD Arnold, *AB Crocker, *DD Ferreira (Chief Financial Officer), DJ Fouché, Dr MT Lategan, TP Maumela, TM Shabangu, (*Executive director)

Company secretary
MA Eloff

Transfer secretaries
Computershare Investor Services Proprietary Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196,
PO Box 61051, Marshalltown, 2107
Telephone: +27 (0)11 370 5000

Sponsor
Nedbank Corporate and Investing Banking, a division of Nedbank Limited,
135 Rivonia Campus, Rivonia Road, Sandown, 2196,
Tel +27 (0) 11 294 4444

www.astralfoods.com