



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	% change	Audited 12 months ended 30 Sept 2018
	R'000	R'000		R'000
<b>Revenue</b>	<b>6 775 389</b>	<b>6 600 507</b>	<b>3</b>	<b>12 978 561</b>
Cost of sales	(5 395 325)	(4 660 738)		(9 304 535)
<b>Gross profit</b>	<b>1 380 064</b>	<b>1 939 769</b>	<b>(29)</b>	<b>3 674 026</b>
Administrative expenses	(356 093)	(450 489)		(817 013)
Distribution costs	(423 008)	(360 956)		(733 738)
Marketing expenditure	(98 608)	(93 117)		(185 404)
Other net income and gains	705	837		3 690
<b>Profit before interest and tax (note 5)</b>	<b>503 060</b>	<b>1 036 044</b>	<b>(51)</b>	<b>1 941 561</b>
Finance costs – net	17 667	21 960		52 527
Finance income	23 830	26 569		62 903
	(6 163)	(4 609)		(10 376)
<b>Profit before income tax</b>	<b>520 727</b>	<b>1 058 004</b>	<b>(51)</b>	<b>1 994 088</b>
Tax expense	(150 662)	(297 305)		(559 738)
<b>Profit for the period</b>	<b>370 065</b>	<b>760 699</b>	<b>(51)</b>	<b>1 434 350</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss:				
– Remeasurement of post-employment benefit obligations (net of deferred tax)				2 598
Items that may be subsequently reclassified to profit or loss:				
– Foreign currency (loss)/gain on investment loans to foreign subsidiaries	(585)	526		5
– Foreign currency translation adjustments	2 861	(12 014)		(13 439)
<b>Total comprehensive income for the period</b>	<b>372 341</b>	<b>749 211</b>	<b>(50)</b>	<b>1 423 514</b>
<b>Profit attributable to:</b>				
– Equity holders of the holding company	367 723	758 980	(52)	1 431 076
– Non-controlling interests	2 342	1 719	36	3 274
	370 065	760 699	(51)	1 434 350
<b>Comprehensive income attributable to:</b>				
– Equity holders of the holding company	369 999	747 492	(51)	1 420 240
– Non-controlling interests	2 342	1 719	36	3 274
	372 341	749 211	(50)	1 423 514
<b>Earnings per share (Rand)</b>				
– basic	R 9.48	R 19.58	(52)	R 36.91
– diluted	R 9.47	R 19.56	(52)	R 36.87

## CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	Audited 12 months ended 30 Sept 2018
	R'000	R'000	R'000
<b>Assets</b>			
<b>Non-current assets</b>	<b>2 507 239</b>	<b>2 301 542</b>	<b>2 409 499</b>
Property, plant and equipment	2 311 150	2 103 837	2 212 205
Intangible assets	59 954	61 570	61 159
Goodwill	136 135	136 135	136 135
<b>Current assets</b>	<b>3 506 857</b>	<b>3 580 376</b>	<b>3 764 715</b>
Biological assets	779 089	759 316	770 461
Inventories	736 293	593 618	836 690
Trade and other receivables	1 517 909	1 226 851	1 328 418
Current tax asset	19 656	30 579	7 303
Cash and cash equivalents	453 910	970 012	821 843
<b>Total assets</b>	<b>6 014 096</b>	<b>5 881 918</b>	<b>6 174 214</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the parent company</b>	<b>3 689 815</b>	<b>3 438 883</b>	<b>3 726 922</b>
Issued capital	87 065	83 727	86 751
Treasury shares	(204 435)	(204 435)	(204 435)
Reserves	3 807 185	3 559 591	3 844 606
<b>Non-controlling interest</b>	<b>11 188</b>	<b>12 241</b>	<b>10 496</b>
<b>Total equity</b>	<b>3 701 003</b>	<b>3 451 124</b>	<b>3 737 418</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>656 794</b>	<b>597 500</b>	<b>649 979</b>
Deferred tax liability	519 385	453 738	481 732
Employment benefit obligations	137 409	143 762	168 247
<b>Current liabilities</b>	<b>1 656 299</b>	<b>1 833 294</b>	<b>1 786 817</b>
Trade and other liabilities	1 399 497	1 393 173	1 360 469
Employment benefit obligations	220 428	341 225	373 195
Current tax liabilities	11 197	61 213	17 480
Borrowings (note 7)	22 496	35 556	33 277
Shareholders for dividend	2 681	2 127	2 396
<b>Total liabilities</b>	<b>2 313 093</b>	<b>2 430 794</b>	<b>2 436 796</b>
<b>Total equity and liabilities</b>	<b>6 014 096</b>	<b>5 881 918</b>	<b>6 174 214</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	Audited 12 months ended 30 Sept 2018
	R'000	R'000	R'000
<b>Cash operating profit</b>	<b>407 384</b>	<b>1 094 040</b>	<b>2 156 086</b>
Changes in working capital	100 196	(41 661)	(425 201)
<b>Cash generated from operating activities</b>	<b>507 580</b>	<b>1 052 379</b>	<b>1 730 885</b>
Income tax paid	(131 881)	(258 974)	(516 236)
<b>Cash flows from operating activities</b>	<b>375 699</b>	<b>793 405</b>	<b>1 214 649</b>
<b>Cash used in investing activities</b>	<b>(321 200)</b>	<b>(69 031)</b>	<b>(254 708)</b>
Purchases of property, plant and equipment	(343 224)	(127 003)	(346 551)
Costs incurred on intangibles	(1 829)	(8 645)	(11 391)
Proceeds on disposal of property, plant and equipment	23	48	331
Finance income	23 830	26 569	62 903
Payment received on investment sold during previous year		40 000	40 000
<b>Cash flows to financing activities</b>	<b>(411 633)</b>	<b>(338 701)</b>	<b>(729 577)</b>
Dividends paid	(408 784)	(338 988)	(729 752)
Proceeds from shares issued	314	2 264	5 288
Finance expense	(3 163)	(1 977)	(5 113)
<b>Net movement in cash and cash equivalents</b>	<b>(357 134)</b>	<b>385 673</b>	<b>230 364</b>
Effects of exchange rate changes	(18)	(3 792)	5 627
Cash and cash equivalent balances at beginning of year	788 566	552 575	552 575
<b>Cash and cash equivalent balances at end of period (note 8)</b>	<b>431 414</b>	<b>934 456</b>	<b>788 566</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	Audited 12 months ended 30 Sept 2018
	R'000	R'000	R'000
Balance beginning of year	3 737 418	3 038 832	3 038 832
Profit for the period	370 065	760 699	1 434 350
Other comprehensive income/(loss) for the period, net of tax	2 276	(11 488)	(10 836)
Dividends to shareholders	(409 069)	(339 183)	(730 216)
Proceeds on shares issued	313	2 264	5 288
Balance at end of period	3 701 003	3 451 124	3 737 418

## CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	% change	Audited 12 months ended 30 Sept 2018
	R'000	R'000		R'000
<b>Revenue</b>	<b>5 471 655</b>	<b>5 415 014</b>	<b>1</b>	<b>10 603 727</b>
Poultry	3 303 235	3 096 521	7	6 198 202
Feed	223 063	184 519	21	410 787
Other Africa	(2 222 564)	(2 095 547)		(4 234 155)
Inter-group	6 775 389	6 600 507	3	12 978 561
<b>Operating profit</b>	<b>257 706</b>	<b>827 698</b>	<b>(69)</b>	<b>1 452 762</b>
Poultry	238 595	191 479	25	456 622
Feed	6 759	16 867	(60)	32 177
Other Africa	503 060	1 036 044	(51)	1 941 561

## ADDITIONAL INFORMATION

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	% change	Audited 12 months ended 30 Sept 2018
	R'000	R'000		R'000
Headline earnings (R'000) – (note 6)	368 033	759 489	(52)	1 439 236
Headline earnings per share (Rand)				
– basic	R 9.49	R 19.59	(52)	R 37.12
– diluted	R 9.48	R 19.57	(52)	R 37.08
Dividends per share (Rand) – declared out of earnings for the period				
– Interim dividend	R 4.75	R 10.00	(53)	R 10.00
– Final dividend				R 10.50
– Total dividend				R 20.50
Number of ordinary shares				
– Issued net of treasury shares	38 801 808	38 773 208	38 798 808	
– Weighted-average	38 800 638	38 762 630	38 774 025	
– Diluted weighted-average	38 814 198	38 806 822	38 809 443	
Cash and cash equivalents (R'000)	431 414	934 456	788 566	
Net asset value per share (Rand)	R 95.09	R 88.69	R 96.06	

## 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 2019 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.
- Accounting policies**  
The accounting policies applied in these condensed interim financial statements comply with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 September 2018, except for the adoption of IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. Neither of these two new standards had any material impact on the reported results.
- Restatement of comparative amounts for prior periods**  
Following a re-assessment of management's judgement of the nature of certain sales transactions during 2018 it was concluded that the risks and rewards of certain goods delivered during September 2017 have passed on to a customer who thereby acted as a principal as opposed to an agent. The revenue related to these transactions should have been recognised in the 2017 financial year, and not during the first half of the 2018 financial year.  
Revenue, cost of sales and tax have been restated with the corresponding adjustments to the opening balance of equity.  
Details of the impact on prior period disclosure is as per note 10.

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	Audited 12 months ended 30 Sept 2018
	R'000	R'000	R'000
<b>5. Profit before interest and tax</b>			
The following items have been accounted for in the profit before interest and tax:			
Biological assets – fair value (loss)/gain	(1514)	996	5 149
Amortisation of intangible assets	3 044	2 911	6 048
Depreciation on property, plant and equipment	84 881	75 459	145 714
Loss on sale of property, plant and equipment	434	705	417
Foreign exchange losses	60	1 885	
Assets scrapped			10 891
Insurance recoveries	3 776		1 324
<b>6. Reconciliation to headline earnings</b>			
Net profit attributable to shareholders	367 723	758 980	1 431 076
Loss on sale of property, plant and equipment (net of tax)	310	509	301
Loss on assets scrapped (net of tax)			7 859
Headline earnings for the period	368 033	759 489	1 439 236

	Unaudited 6 months ended 31 March 2019	Unaudited 6 months ended 31 March 2018 (restated)	Audited 12 months ended 30 Sept 2018
	R'000	R'000	R'000
<b>7. Borrowings</b>			
Current – Bank overdrafts	22 496	35 556	33 277
<b>8. Cash and cash equivalents per cash flow statement</b>			
Bank overdrafts (included in current borrowings)	(22 496)	(35 556)	(33 277)
Cash at bank and in hand	453 910	970 012	821 843
Cash and cash equivalents per cash flow statement	431 414	934 456	788 566
<b>9. Commitments</b>			
Capital expenditure approved not contracted	515 258	21 920	1 267 807
Capital expenditure contracted not recognised in financial statements	581 885	122 070	127 012
Cost on intangibles contracted not recognised in financial statements			6 252
Raw material contracted amounts not recognised in the statement of financial position	1 371 734	1 522 389	1 090 415
<b>10. Effect of re-assessment of certain sales transactions</b>			
Decrease in revenue			65 824
Decrease on cost of sales			57 707
Decrease in gross profit and operating profit			8 117
Decrease in tax expense			2 273
Decrease in profit after tax, earnings and headline earnings			5 844
Increase in the opening balance of equity			5 844
Decrease in earnings per share and headline earnings per share – cents per share			15
Impact on cash generated from operations			nil

## FINANCIAL OVERVIEW

The external revenue increased by 2.6% to R6.8 billion (1H2018: R6.6 billion), whilst revenue from the Poultry segment, the major contributor to the group's external revenue, only increased by 1.0%.

The group's lower operating profit at R503 million (1H2018: R1 036 million) was as a result of a R570 million decline in poultry profitability to R258 million. Feed price and production cost increases could not be recovered by increasing sales realisations, due to the consumer market not being able to absorb price increases.

The cash inflow from operating activities of R375 million, included an inflow of R100 million from lower working capital, mainly as a result of lower poultry finished goods stock compared to the prior financial year ending stocks (30 September 2018). Capital expenditure incurred of R343 million, includes payments totalling R253 million in respect of the expansion project at the Festive processing plant and the Meadow Feeds Standerton silo complex.

A net cash outflow of R357 million for the first half was reported, following the payment of the final 2018 dividend of R408 million. The cash and cash equivalents at 31 March 2019 were however in a surplus of R431 million.

The board declared an interim dividend of R4.75 per share which was well within the liquidity capabilities of the group.

## OPERATIONAL OVERVIEW

### Poultry Division

The broiler operations reported a decline in revenue as both broiler selling prices and sales volumes decreased for the period under review. However, revenue for the division increased by 1.0% to R5.5 billion (1H2018: R5.4 billion) supported by a marked increase in revenue from the group's breeding operations.

Broiler sales volumes were marginally down by 1.1% (2 538 tons), despite sales realisations decreasing by 3.4% on the comparable period. Consumer demand was subdued, resulting in deeper promotional activity to better balance supply and demand.

Broiler feed prices increased 9.2% due to higher raw material costs for the reporting period. Feed conversion efficiency improved further, slightly offsetting the higher feeding cost per broiler produced.

Profitability for the poultry division decreased by 68.9% to R258 million (1H2018: R828 million), driven largely by the higher feed input costs and lower sales realisations. The under recovery of increased input costs, as well as the influence of extraordinary expenses, negatively impacted profitability for this division. The newly legislated minimum wage, the impact of load shedding nationally, water supply interruptions in Standerton, and costs associated with industrial action in KwaZulu-Natal, all contributed to a higher base cost of production. The net profit margin decreased to 4.7%, compared to historically one of the highest reported profit margins of 15.4% achieved in the prior period.

Total poultry imports remained high, with the average monthly total poultry imports for the period under review equalling approximately 38% of local production, or an average of 41 771 tons per month.

### Feed Division

Revenue increased by 6.7% to R3.3 billion (1H2018: R3.1 billion) as a direct result of higher feed selling prices on the back of increases in raw material costs. Safex yellow maize prices increased to an average of R2 579 per ton for the period under review (1H2018: R1 981).

Feed sales volumes in the division decreased marginally by 0.9% as the internal requirement for broiler feed decreased (0.6%), on an improved broiler feed conversion rate. Lower external sales volumes (1.3%) were reported as all livestock sectors came under pressure on the back of higher feed costs.</