



A leading Southern African integrated poultry producer



UNAUDITED INTERIM RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 MARCH 2011

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 March 2011 R'000	Unaudited six months ended 31 March 2010 R'000		Audited 12 months ended 30 September 2010 R'000
Assets				
Non-current assets	1 784 969	1 655 332		1 764 194
Property, plant and equipment	1 646 487	1 514 190		1 625 473
Intangible assets	4 562	6 835		4 913
Goodwill	124 802	124 802		124 802
Investments and loans	9 118	9 505		8 838
Deferred tax asset	–	–		168
Current assets	1 502 994	1 424 829		1 337 176
Inventories	291 574	298 165		262 278
Biological assets	316 584	329 091		305 430
Trade and other receivables	715 094	675 082		626 698
Current tax assets	–	–		2 334
Derivative financial instruments	385	238		196
Cash and cash equivalents	179 357	122 253		140 240
Assets held for sale	–	–		26 928
Total assets	3 287 963	3 080 161		3 128 298
Equity				
Capital and reserves attributable to equity holders of the parent company	1 491 307	1 363 860		1 424 091
Issued capital	2 321	736		736
Treasury shares	(204 435)	(204 435)		(204 435)
Reserves	1 693 421	1 567 559		1 627 790
Non-controlling interest	24 626	20 049		22 106
Total equity	1 515 933	1 383 909		1 446 197
Liabilities				
Non-current liabilities	564 517	488 225		522 117
Borrowings	103 999	33 733		80 545
Deferred tax liability	370 343	373 449		356 929
Retirement benefit obligations	90 175	81 043		84 643
Current liabilities	1 207 513	1 208 027		1 148 206
Trade and other liabilities	1 031 235	992 535		939 982
Current tax liabilities	50 586	40 638		19 556
Borrowings	125 692	174 854		188 668
Liabilities held for sale	–	–		11 778
Total liabilities	1 772 030	1 696 252		1 682 101
Total equity and liabilities	3 287 963	3 080 161		3 128 298

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2011 R'000	Unaudited six months ended 31 March 2010 R'000	% change	Audited 12 months ended 30 September 2010 R'000
Revenue	4 214 698	4 283 836	(2)	8 367 874
Operating profit	375 355	304 298	23	585 377
Fair value adjustment of investment in assets held for sale	(1 805)	–		(7 233)
Finance income	5 354	4 901		12 201
Finance costs	(14 670)	(16 851)		(33 263)
Profit before income tax	364 234	292 348	25	557 082
Income tax expense	(122 036)	(103 832)		(193 413)
Profit for the period	242 198	188 516	28	363 669
Other comprehensive income				
Foreign currency translation adjustments	2 816	(2 533)		(6 401)
Total comprehensive income for the period, net of tax	245 014	185 983	32	357 268
Profit attributable to:				
Equity holders of the parent company	240 103	185 242	30	357 637
Non-controlling interest holders	2 095	3 274	(36)	6 032
	242 198	188 516	28	363 669
Comprehensive income attributable to:				
Equity holders of the parent company	242 494	183 306	32	352 068
Non-controlling interest holders	2 520	2 677	(6)	5 200
	245 014	185 983	32	357 268
Earnings per share (cents)				
– basic	631	487	30	940
– diluted	630	487	29	939

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2011 R'000	Unaudited six months ended 31 March 2010 R'000		Audited 12 months ended 30 September 2010 R'000
Cash operating profit	440 705	365 111		705 744
Working capital changes	(37 921)	32 545		62 990
Cash generated from operating activities	402 784	397 656		768 734
Tax paid	(74 583)	(52 142)		(180 557)
Cash flows from operating activities	328 201	345 514		588 177
Net cash used in investing activities	(58 897)	(55 650)		(208 202)
Capital expenditure	(78 179)	(63 316)		(222 372)
Finance income	5 354	4 901		12 201
Proceeds on disposal and other	13 928	2 765		1 969
Cash used in financing activities	(184 697)	(183 081)		(250 783)
Increase in borrowings	7 347	5 584		69 380
Interest paid	(14 670)	(17 438)		(38 758)
Dividends paid	(178 683)	(171 227)		(281 508)
Shares issued	1 309	–		–
Contribution from non-controlling interest holders	–	–		103
Net movement in cash and cash equivalents	84 607	106 783		129 192
Effect of exchange rate changes	1 379	(137)		(6 046)
Reclassification to assets held for sale	–	–		795
Cash and cash equivalent balances at beginning of year	(28 994)	(152 935)		(152 935)
Cash and cash equivalent balances at end of period (note 6)	56 992	(46 289)		(28 994)

GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2011 R'000	Unaudited six months ended 31 March 2010 R'000		Audited 12 months ended 30 September 2010 R'000
Balance beginning of year	1 446 197	1 366 449		1 366 449
Total comprehensive income for the period	245 014	185 983		357 268
Dividends to the company's shareholders	(178 825)	(167 411)		(277 750)
Option value of share options granted	1 648	2 518		3 757
Shares issued from share options exercised	1 309	–		–
Currency translation loss realised	590	–		–
Payments to non-controlling interest holders	–	(3 630)		(3 630)
Contribution from non-controlling interest holder	–	–		103
Balance at end of period	1 515 933	1 383 909		1 446 197

CONDENSED GROUP SEGMENTAL ANALYSIS

	Unaudited six months ended 31 March 2011 R'000	Unaudited six months ended 31 March 2010 R'000	% change	Audited 12 months ended 30 September 2010 R'000
Revenue				
Poultry				
– South Africa and Swaziland	2 771 716	2 739 921	1	5 350 966
Feed	2 052 909	2 171 061	(5)	4 224 542
– South Africa	1 956 925	2 104 262		4 089 104
– Other Africa	95 984	66 799		135 438
Services and ventures	132 236	143 067	(8)	269 610
Inter-group	(742 163)	(770 213)		(1 477 244)
– Feed to Poultry	(703 573)	(736 166)		(1 408 987)
– Services and ventures to Poultry and Feed	(38 590)	(34 047)		(68 257)
	4 214 698	4 283 836	(2)	8 367 874
Operating profit				
Poultry				
– South Africa and Swaziland	228 904	134 155	71	262 248
Feed	133 048	151 295	(12)	281 159
– South Africa	120 603	153 638		280 791
– Other Africa	12 445	(2 343)		368
Services and ventures	13 403	18 848	(29)	41 970
	375 355	304 298	23	585 377

- **Revenue decrease 2%**
- **Operating profit increase 23%**
- **Headline earnings per share increase 31%**
- **Interim dividend increase 5% to 305 cents per share**

ADDITIONAL INFORMATION

	Unaudited six months ended 31 March 2011	Unaudited six months ended 31 March 2010	% change	Audited 12 months ended 30 September 2010
Headline earnings (R'000) (note 5)	241 886	185 071	31	365 162
Headline earnings per share (cents)				
– basic	636	486	31	960
– diluted	635	486	31	959
Dividend per share (cents)	305	290	5	760
Number of ordinary shares				
– Issued net of treasury shares	38 060 308	38 047 708		38 047 708
– Weighted-average	38 050 557	38 047 708		38 047 708
– Diluted weighted-average	38 096 186	38 065 066		38 072 092
Net debt (borrowings less cash and cash equivalents) (R'000)	50 334	86 334		128 973
Net asset value per share (Rand)	39,18	35,85	9	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 sale and distribution of various key poultry brands.
- Basis of preparation**
The condensed interim financial statements for the six months ended 31 March 2011 have been prepared in accordance with International Reporting Standards ("IFRS"), and IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE Limited and the South African Companies Act (1973) as amended.
These financial statements have not been reviewed or audited by the Group's auditors.
- Accounting policies**
The accounting policies applied in these interim 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.

	Unaudited six months ended 31 March 2011 R'000	Unaudited six months ended 31 March 2010 R'000	Audited 12 months ended 30 September 2010 R'000
4. Operating profit			
The following items have been accounted for in the operating profit:			
Biological assets – fair value gain/(loss)	410	(1 351)	(1 388)
Amortisation of intangible assets	1 403	2 552	4 536
Depreciation on property, plant and equipment	56 799	54 250	104 031
Profit/(loss) on disposal of property, plant and equipment	31	161	(418)
Foreign exchange profit/(loss)	187	1 206	(536)
5. Reconciliation to headline earnings			
Earnings for the period	240 103	185 242	357 637
After tax net (profit)/loss on sale of property, plant and equipment	(22)	(171)	491
Fair value adjustment of assets held for sale	1 805	–	7 233
Negative goodwill	–	–	(199)
Headline earnings for the period	241 886	185 071	365 162
6. Cash and cash equivalents per cash flow statement			
Bank overdrafts	(122 365)	(168 542)	(169 234)
Cash at bank and in hand	179 357	122 253	140 240
Cash and cash equivalents per cash flow statement	56 992	(46 289)	(28 994)
7. Capital commitments			
Capital expenditure approved not contracted	131 739	75 232	120 124
Capital expenditure contracted not recognised in financial statements	24 909	24 040	20 156
8. Litigation			
A referral was made to the Competition Tribunal regarding alleged anti-competitive conduct by subsidiaries in the group in 2008. The group is opposing the referral. During September 2009 the Competition Commission initiated complaints against all past and present members of the Animal Feeds Manufacturers Association and the South African Poultry Association as well as other players involved in the production of poultry feed, in breeding stock and broiler production, and in the poultry products industry. Astral is not aware of any transgressions of the Competition Act within the group, but has offered all reasonable cooperation to the Commission in regard to its investigation into the industry.			

Financial Overview

Headline earnings for the period increased by 31% to R242 million from R185 million for the same period last year as a result of improved operating profits.

Revenue decreased by 2% from R4 284 million to R4 215 million due to lower sales by the feed division, whilst the revenue from the poultry division was only marginally higher than the previous year.

The operating profit at R375 million was 23% higher than the profit for the same period last year. The improvement was all contributed by the poultry division due to improved poultry production efficiencies combined with lower feed input costs.

Net finance costs at R9 million were down on the previous year's R12 million following lower average level of borrowings and lower interest rates during the period under review.

Earnings per share increased by 30% from 487 cents to 631 cents, and headline earnings per share increased by 31% to 636 cents per share (2010: 486 cents per share).

Continued positive cash flow during the period resulted in the net debt (borrowings less cash and cash equivalents) reducing to R50 million from the R129 million as at the end of September 2010. The net debt to equity ratio is now at 3%, compared to 9% at September 2010.

The Board has declared an increased interim dividend of 305 cents per share (2010: 290 cents per share) in view of the improved profits and strong balance sheet.

Operational Overview

Poultry Division

Turnover for the division at R2 772 million was marginally up by 1% from R2 740 million in 2010 on the back of slightly lower selling volumes which were offset by improved selling prices.

Local poultry demand levels were negatively impacted by job losses during the past eighteen months together with record levels of poultry imports due to the strong local currency and "classical" dumping.

Reduced stock levels before the festive season together with firmer sales during December resulted in marginally better pricing levels post the festive period.

The improvement in profitability was mainly supported by efficiency improvements in on-farm production results that, together with lower feed input costs resulted in advantageous production costs.

The non-recurring direct costs of an industrial action in the prior period also played a role in the improved results.

Margins for the division reflected an increase to 8,3% compared to the 4,9% for the comparable period and operating profit increased by 71% to R229 million (2010: R134 million).

The implementation of the "new" Ross 308 genetic line has been fully integrated during March 2011 and the efficiency improvements of the new bird are in line with expectations.

Feed Division

Revenue for the period decreased by 5% from R2 171 million in 2010 to R2 053 million for the period under review mainly as a result of lower feed volumes both internally and externally together with lower selling prices on the back of lower grain prices procured during mid-2010. The reduced internal sales volumes were partly driven by reduced demand from the Poultry division due to improved efficiencies.

Operating profit decreased by 12% to R133 million (2010: R151 million) and the margin at 6,5% (2010: 7,0%) were negatively affected by higher fixed costs per unit, resulting from reduced volumes.

The division's Zambian and Mozambican operations posted satisfactory results as both these operations increased profitability with signs of further improvement.

Services and Joint Ventures Division

Although the division performed satisfactorily, a decrease in revenue was brought about by the disposal of the Mauritian feed operation.

Operating profit for all services and joint venture units were in line with expectations. The group's bakery unit, East Balt, performed well, despite the fact that it had to bear the start-up costs of its Cape Town facility as well as still having low capacity utilisation.

Prospects

The business environment for the next reporting period is not expected to be significantly different from the present. The global outlook remains that grains as a key cost driver for both feed and poultry production, will trade higher as soft commodity prices firm up due to tighter global soft commodities balance sheets. The continued strength of the local currency should be favourable for high levels of poultry imports. The balance of local production and imported product against a stressed trading environment will be critical for pricing and profitability improvement.

Declaration of Ordinary Dividend No. 21

Notice is hereby given that dividend No. 21 of 305 cents per ordinary share has been declared in respect of the six months ended 31 March 2011.

Last date to trade *cum* dividend Thursday, 9 June 2011

Shares commence trading *ex* dividend Friday, 10 June 2011

Record date Friday, 17 June 2