



## Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2020

	Unaudited 6 months ended 31 March 2020 R'000	% change	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
<b>Revenue</b>	<b>7 068 602</b>	4	6 775 389	13 485 475
Cost of sales	(5 529 750)		(5 395 325)	(10 856 468)
<b>Gross profit</b>	<b>1 538 852</b>	12	1 380 064	2 629 007
Administrative expenses	(395 849)		(356 093)	(723 290)
Distribution costs	(480 722)		(423 008)	(833 734)
Marketing expenditure	(116 463)		(98 608)	(201 848)
Other net income and gains			705	12 144
<b>Profit before interest and tax (note 4)</b>	<b>545 818</b>	8	503 060	882 279
Finance costs – net	(26 580)		17 667	30 372
Finance income	17 707		23 830	41 286
Finance costs	(44 287)		(6 163)	(10 914)
<b>Profit before income tax</b>	<b>519 238</b>	0	520 727	912 651
Tax expense	(148 103)		(150 662)	(265 116)
<b>Profit for the period</b>	<b>371 135</b>	0	370 065	647 535
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of post-employment benefit obligations (net of deferred tax)				(2178)
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency (loss)/gain on investment loans to foreign subsidiaries	294		(585)	(414)
Foreign currency translation adjustments	(8 957)		2 861	1 292
<b>Total comprehensive income for the period</b>	<b>362 472</b>	(3)	372 341	646 235
<b>Profit attributable to:</b>				
Equity holders of the holding company	368 964	0	367 723	643 653
Non-controlling interests	2 171	(7)	2 342	3 882
<b>371 135</b>	<b>0</b>	<b>0</b>	<b>370 065</b>	<b>647 535</b>
<b>Comprehensive income attributable to:</b>				
Equity holders of the holding company	360 301	(3)	369 999	642 353
Non-controlling interests	2 171	(7)	2 342	3 882
<b>362 472</b>	<b>(3)</b>	<b>(3)</b>	<b>372 341</b>	<b>646 235</b>
<b>Earnings per share (Rand)</b>				
– basic	R 9,51	0	R 9,48	R 16,59
– diluted	R 9,50	0	R 9,47	R 16,58

## Condensed consolidated balance sheet

as at 31 March 2020

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
<b>Assets</b>			
<b>Non-current assets</b>	<b>3 792 668</b>	2 507 239	2 658 236
Property, plant and equipment	2 954 142	2 311 150	2 462 918
Intangible assets	57 778	59 954	59 183
Right-of-use assets	644 613		
Goodwill	136 135	136 135	136 135
<b>Current assets</b>	<b>3 638 423</b>	3 506 857	3 580 883
Biological assets	800 655	779 089	758 721
Inventories	980 709	736 293	691 058
Trade and other receivables	1 361 379	1 517 909	1 512 398
Current tax asset	5 457	19 656	19 717
Cash and cash equivalents	490 223	453 910	598 989
<b>Total assets</b>	<b>7 431 091</b>	6 014 096	6 239 119
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the parent company</b>	<b>3 955 808</b>	3 689 815	3 784 227
Issued capital	90 400	87 065	90 400
Treasury shares	(228 111)	(204 435)	(204 435)
Reserves	4 093 519	3 807 185	3 898 262
<b>Non-controlling interest</b>	<b>12 259</b>	11 188	11 408
<b>Total equity</b>	<b>3 968 067</b>	3 701 003	3 795 635
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>1 233 884</b>	656 794	705 600
Deferred tax liability	601 044	519 385	539 421
Employment benefit obligations	142 837	137 409	166 179
Lease liability	490 003		
<b>Current liabilities</b>	<b>2 229 140</b>	1 656 299	1 737 884
Trade and other liabilities	1 769 081	1 399 497	1 411 135
Employment benefit obligations	237 113	220 428	254 107
Current tax liabilities	26 280	11 197	25 772
Lease liability	174 084		
Borrowings	19 743	22 496	44 115
Shareholders for dividend	2 839	2 681	2 755
<b>Total liabilities</b>	<b>3 463 024</b>	2 313 093	2 443 484
<b>Total equity and liabilities</b>	<b>7 431 091</b>	6 014 096	6 239 119

## Condensed consolidated statement of cash flows

for the six months ended 31 March 2020

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
<b>Cash operating profit</b>	<b>714 963</b>	407 384	936 440
Changes in working capital	(116 517)	100 196	257 308
<b>Cash generated from operating activities</b>	<b>598 446</b>	507 580	1 193 748
Income tax paid	(70 512)	(131 881)	(213 907)
<b>Cash flows from operating activities</b>	<b>527 934</b>	375 699	979 841
<b>Cash used in investing activities</b>	<b>(293 300)</b>	(321 200)	(615 982)
Purchases of property, plant and equipment	(309 387)	(343 224)	(653 444)
Costs incurred on intangibles	(1 649)	(1 829)	(4 141)
Proceeds on disposal of property, plant and equipment	29	23	317
Finance income	17 707	23 830	41 286
<b>Cash flows to financing activities</b>	<b>(315 316)</b>	(411 633)	(595 871)
Dividends paid	(166 280)	(408 784)	(594 367)
Lease payments – principal element	(87 262)		
Finance expenses	(38 098)	(3 163)	(5 153)
Treasury shares acquired in terms of the Forfeitable share plan	(23 676)		
Proceeds from shares issued		314	3 649
<b>Net movement in cash and cash equivalents</b>	<b>(80 682)</b>	(357 134)	(232 012)
Effects of exchange rate changes	(3 712)	(18)	(1 680)
Cash and cash equivalent balances at beginning of year	554 874	788 566	788 566
<b>Cash and cash equivalent balances at end of period (note 6)</b>	<b>470 480</b>	431 414	554 874

## Condensed consolidated statement of changes in equity

for the six months ended 31 March 2020

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
Balance beginning of year	3 795 635	3 737 418	3 737 418
Change in accounting policy: adoption of expected credit loss model for impairments			3 059
Profit for the period	371 135	370 065	647 535
Other comprehensive income/(loss) for the period, net of tax	(8 663)	2 276	(1 300)
Dividends to shareholders	(166 364)	(409 069)	(594 726)
Treasury shares acquired in terms of the Forfeitable share plan	(23 676)		
Proceeds on shares issued		313	3 649
<b>Balance at end of period</b>	<b>3 968 067</b>	3 701 003	3 795 635

## Condensed consolidated segmental analysis

for the six months ended 31 March 2020

	Unaudited 6 months ended 31 March 2020 R'000	% change	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
<b>Revenue</b>				
Poultry	5 643 563	3	5 471 655	10 877 135
Feed	3 509 218	6	3 303 235	6 573 738
Other Africa	238 650	7	223 063	479 645
Inter-group	(2 322 829)		(2 222 564)	(4 445 043)
<b>7 068 602</b>	<b>4</b>	<b>6 775 389</b>	<b>13 485 475</b>	
<b>Operating profit</b>				
Poultry	287 434	12	257 706	370 977
Feed	242 712	2	238 595	489 483
Other Africa	15 672	132	6 759	21 819
<b>545 818</b>	<b>8</b>	<b>503 060</b>	<b>882 279</b>	

## Additional information

for the six months ended 31 March 2020

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
Headline earnings (R'000) – (note 5)	369 080	368 033	649 638
Headline earnings per share (Rand)			
– basic	R 9,51	R 9,49	R 16,74
– diluted	R 9,50	R 9,48	R 16,74
Dividends per share (Rand) – declared out of earnings for the period			
– Interim dividend	nil	R 4,75	R 4,75
– Final dividend			R 4,25
– Total dividend			R 9,00
Number of ordinary shares			
– Issued net of treasury shares	38 719 158	38 801 808	38 833 658
– Weighted-average	38 790 878	38 800 638	38 806 070
– Diluted weighted-average	38 833 658	38 814 198	38 816 916
Net cash – cash and cash equivalents less borrowings (R'000)	470 480	431 414	554 874
Net asset value per share	R 102,17	R 95,09	R 97,45

## 1. 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.

## 2. Basis of preparation

The condensed interim financial statements for the six months ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 – Interim Financial Reporting, the Listing 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 2019, except for the mandatory adoption of IFRS16 – Leases.

IFRS 16 requires that leases be recognised as right-of-use assets with corresponding lease liabilities. Lease assets are amortised, whilst lease payments are apportioned between a finance cost component, recognised as a finance charge, and a reduction of the outstanding principal amount of the lease liabilities. The impact of this change in accounting policy on the results for this financial period is an increase in the profit before interest and tax of R16,1 million, additional finance costs of R35 million with a reduction in the profit before income tax of R19,1 million. Right-of-use assets of R644,6 million and lease liabilities of R 664,1 million have been recognised in the balance sheet.

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
<b>4. Profit before interest and tax</b>			
The following items have been accounted for in the profit before interest and tax:			
Biological assets – fair value gain/(loss)	2 886	(1 514)	(3 108)
Amortisation of intangible assets	3 024	3 044	6 092
Depreciation on property, plant and equipment	87 560	84 881	170 138
Amortisation of Right-of-use asset	106 366		
Loss/(Profit) on sale of property, plant and equipment	160	434	(74)
Insurance recoveries		3 776	3 894
Assets scrapped			8 364
Fair value adjustments to outstanding receivables and payables			6 016

## 5. Reconciliation to headline earnings

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
Net profit attributable to shareholders	368 964	367 723	643 653
Loss/(profit) on sale of property, plant and equipment (net of tax)	116	310	(38)
Loss on assets scrapped (net of tax)			6 023
Headline earnings for the period	369 080	368 033	649 638

## 6. Cash and cash equivalents per cash flow statement

	Unaudited 6 months ended 31 March 2020 R'000	Unaudited 6 months ended 31 March 2019 R'000	Audited 12 months ended 30 Sept 2019 R'000
Bank overdrafts (included in current borrowings)	(19 743)	(22 496)	(44 115)
Cash at bank and in hand	490 223	453 910	598 989
Cash and cash equivalents per cash flow statement	470 480	431 414	554 874

## 7. Commitments

	179 182	515 258	191 153
Capital expenditure approved not contracted			
Capital expenditure contracted not recognised in financial statements	162 498	581 885	342 646
Cost on intangibles contracted not recognised in financial statements			2 906
Raw material contracted amounts not recognised in the statement of financial position	959 396	1 371 734	1 376 532

## FINANCIAL OVERVIEW

The consolidated revenue for the group increased by 4.3% to R7 068 million primarily as result of the increase in poultry's external revenue, which contributed 79% to the consolidated revenue.

Operating profit at R546 million increased by 8.5% on the comparable period of the prior year mainly as result of a R30 million improvement in poultry's profit. Both the feed and other Africa segments also reported marginal improvements on their respective prior year's profits. The group's operating profit margin was 7.7% (2019: 7.4%). The group adopted IFRS16 – leases for its 2020 financial year. The impact on the financial statements is the recognition of right-of-use assets to the value of R645 million and lease liabilities of R664 million. Lease payments for the period of R122 million are excluded from operating expenses, whilst an additional amortisation charge of R106 million has been recognised. Finance costs has been increased by R35 million. The net after tax impact on the profits for the period as a result of this change in accounting of leases was a reduction of R14 million in the earnings.

The increase in non-current assets to R3 793 million (September 2019: R2 658 million) was mainly as result of the above mentioned recognition of right-of-use assets and further capital expenditure incurred on the expansion of the Festive processing plant.

Net cash outflow of R81 million was reported for the period. Cash flows from operating activities of R598 million now exclude the lease payments of R122 million whilst cash flow to financing activities includes payments in respect of lease finance charges of R35 million and lease principal payments of R87 million. Astral reported a surplus cash balance of R470 million at the end of the reporting period.

## OPERATIONAL OVERVIEW

### Poultry Division

Revenue for the division increased by 3.1% to R5.6 billion (1H2019: R5.5 billion), supported by an increase in revenue from the group's breeding operations. The broiler operations reported an increase in revenue on the back of higher selling prices.

Broiler sales volumes were down by 2.5% (5 735 tons), due to a change in the point of recognition of sales with a new third party distribution agreement implemented on 1 December 2019, which is now based on a consignment stock model. Consumer demand remained subdued; however less promotional activity was required to manage stock levels.

Broiler feed prices increased 6.0% on a Rand per ton basis due to higher raw material costs for the reporting period. Feed conversion efficiency improved further, slightly offsetting the higher feeding cost per broiler produced.

Operating profit for the poultry division increased by 11.5% to R287 million (1H2019: R258 million), underpinned by improved profitability in the breeding operations. Improved broiler sales realisations offset higher feed input costs, whilst certain extraordinary expenses negatively impacted profitability for this division. The legislated minimum wage, the impact of load shedding nationally, ongoing additional water supply costs in Standerton, and costs associated with COVID-19, all contributed to a higher base cost of production during the period under review. The operating profit margin increased to 5.1%, compared to a profit margin of 4.7% achieved in the prior period.

Total poultry imports remained high, with the average monthly total poultry imports for the period under review equalling approximately 30% of local consumption, at an average of 42 907 tons per month.

### Feed Division

Revenue increased by 6.2% to R3.5 billion (1H2019: R3.3 billion) as a direct result of higher selling prices on the back of increases in raw material costs. Safex yellow maize prices increased to an average of R2 703 per ton for the period under review (