

Final Results Press Release

ASTRAL FOODS WEATHERS TOUGH TRADING CONDITIONS

- Revenue up 8% to R8.8 billion (2008: R8.2 billion)
- Operating profit increased by 6% to R581 million (2008: R548 million)
- Earnings per share increased by 6% to 906 cents (2008: 858 cents)
- Total distribution to shareholders unchanged at 700 cents per share

Despite the consumer remaining under economic pressure as a result of the continued recession, **Astral Foods Limited** (Astral) is pleased to report a solid set of results driven by its poultry business. Chris Schutte, Chief Executive Officer of Astral, at the last results period predicted that: "With feed costs coming down, an improvement in operating profit for the next six months is expected." This was the case and the Group increased its revenue by 8% to R8.8 billion (2008: R8.2 billion) and operating profit by 6% to R580.9 million (2008: R547.8 million).

The **Poultry Division** produced healthy revenue growth of 13% to R5.5 billion (2008: R4.8 billion) despite a 5% drop in sales volumes. Operating profit for this division increased by an impressive 73% from R162.9 million (2008) to R281.6 million for this year end. Operating margin showed a vast improvement from 3.4% (2008) to 5.2% (2009). In the beginning of the year a decision was taken to reduce the slaughter age of birds from 37 to 35 days as a result of the high feed costs during the first half of the year and depressed consumer spending during the second half of the year. "This, together with increases in the selling price of poultry meat, was the reasons behind the increase in the margin." Schutte acknowledges.

The **Feed Division's** performance was impacted mainly by the reduced live stock feeding requirements across all specie groups, which resulted in excess capacity, which in turn also culminated in a margin squeeze for Astral. The division's revenue remained at a similar level as 2008, namely R5.1 billion. Revenue was impacted by higher sales prices offset by a volume decrease of 8.0% when compared to the prior year. Volatile market conditions for all grains together with a conservative approach, resulted in the Group being covered at higher than market prices during January to May 2009. Lower off- take volumes stretched the raw material position deep into the second half of the period. Lower input cost could only be passed on during the latter part of the period to the Poultry Division and external customers. A decline of 22% in operating profit from R384.9 million (2008) to R299.3 million (2009) resulted in operating margins showing a similar trend, with a decrease to 5.8% compared to 7.5% in 2008. The division's Zambian operation posted disappointing results due to a significant contraction of that economy together with the substantial weakening of the Zambian currency.

Schutte said that: "We continue to take a conservative view on the procurement of key raw materials, given the global outlook for agricultural commodities as a whole and the predicted El Niño weather pattern on South African grain crops. As a result of the continued economic climate, our ability to recover increases in costs from the market remains limited."

Astral's finance costs increased marginally by 2% from R49.4 million for the year ended 30 September 2008 to R50.2 million for the current period. The Group retains a strong balance sheet with a net debt to equity ratio of 13.7% (2008: 14.0%).

Cash flows from operating activities, before working capital changes, increased by 5% to R690.7 million (2008: R660.7 million).

Astral has always been a strong dividend payer and declared a total dividend of 700 cents per share for the year ended 30 September 2009. This equates to a dividend cover of 1.3 times.

Chris Schutte says that he is pleased to report: "We were able to renegotiate a mutual, beneficial long term agreement between ourselves and Paarl Poultry whereby County Fair will continue to use their facilities in the Western Cape." Currently, Astral has two matters pending at the Competition Authorities. One relates to a referral made to the Competition Tribunal regarding alleged anti-competitive conduct by Astral Operations Limited and Elite Breeding Farms which Astral is opposing. The second matter relates to the Competition Commission initiating complaints against all past and present members of the Animal Feeds Manufacturers Association and the South African Poultry Association as well as 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, however, it offered all reasonable co-operation to the Commission in regard to their investigation into the industry.

"This has been a challenging year for Astral with major fluctuations in commodity prices, a tough retail market as well as a stronger rand that supported increased poultry imports. Favourable trading conditions are expected for the first half of the 2010 financial year due to lower input costs as a result of a decline in agricultural commodities together with an expected balance in poultry supply and demand. We believe that we are well positioned and geared to benefit from any market recovery," concludes Schutte.

Ends

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Issue date:	16 November 2009
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Company background

Astral is a leading South African 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 sales and distribution of various key poultry brands.

The brands in the Astral stable include:

- Earlybird
- Festive
- Goldi
- County Fair
- National Chicks
- Tiger Chicks (Zambia)
- Ross Poultry Breeders
- Meadow Feeds
- Tiger Animal Feeds (Zambia)
- Meaders (Mauritius)

- NuTec
- CAL Laboratories
- East Balt