

UNAUDITED INTERIM **RESULTS**

for the six months ended 31 March 2017



A leading Southern African integrated poultry producer

ration number 1978/003194/06 • Share code: ARL • ISIN: ZAE000029757



CONDENSED CONSOLIDATED ST	ATEMENT O	F COMPREHENSIVE	INCOME
Unaud	dited Unai	udited	Audited

	six months ended	six months ended	C1	12 months ended
	31 March 2017 R'000	31 March 2016 R'000	Change %	30 Sept 2016 R'000
Revenue Cost of sales	5 794 696 (4 853 542)	5 822 631 (4 696 368)	(0,5)	11 953 870 (10 085 108)
Gross profit Administrative expenses Distribution costs Marketing expenditure Other income	941 154 (310 574) (331 757) (90 737) 3 889	1 126 263 (301 568) (319 391) (84 202) 7 683	(16,4)	1 968 762 (509 706) (651 405) (174 663) 15 862
Profit before interest and tax (note 4) Finance costs – net	211 975 (15 970)	428 785 (4 154)	(50,6)	548 850 (21 995)
Finance income Finance costs	343 (16 313)	909 (5 063)		5 219 (27 214)
Share of loss from associate	-	(18)		(642)
Profit before income tax Tax expense	196 005 (59 939)	424 613 (123 934)	(53,8)	526 213 (154 046)
Profit for the period Other comprehensive income Items that will not be reclassified to profit or loss Remeasurement of post-	136 066	300 679	(54,7)	372 167
employment benefit obligations (net of deferred tax) Items that may be subsequently reclassified to profit or loss Foreign currency gain/(loss)	-	-		651
on investment loans to foreign subsidiaries Foreign currency translation	2 857	-		(9 688)
adjustments	(1 524)	7 733		9 091
Total comprehensive income for the period	137 399	308 412	(55,4)	372 221
Profit attributable to: Equity holders of the holding company Non-controlling interests	136 448 (382)	300 531 148	(54,6) (358,1)	372 972 (805)
	136 066	300 679	(54,7)	372 167
Comprehensive income attributable to: Equity holders of the holding company Non-controlling interests	137 769 (370)	307 730 682	(55,2) (154.3)	373 257 (1 036)
	137 399	308 412	(55,4)	372 221
Eamings per share (cents) - basic - diluted	353 352	777 776	(54,6) (54,6)	964 964

CONDENSED CONSOLIDATED BALANCE SHEET

31 March 2017 R000		Unaudited six months	Unaudited six months	Audited 12 months
Non-current assets 2221219 2235 543 2229780 265286 2237580 265286 26		31 March 2017	31 March 2016	ended 30 Sept 2016 R'000
Poperty plant and equipment	ASSETS	2 221 210	0.005.540	0.000.730
Section Sect	Property, plant and equipment	2 037 796	2 043 999	2 052 284
Current assets	Goodwill Investment in associates	136 135	136 135 25 450	136 135
Biological Jasest 178 981 170 096				
Inventories 82 2713 911 312 716 851				
Assets A	Inventories Trade and other receivables Current tax asset	832 713 989 918 32 141	911 312 1 022 221 9 052	716 851 1 103 569 32 754
County C			-	24 826
Capital and reserves attributable to equity holders of the parent to equity have seen to equity have seen to equity	Total assets	4 871 664	5 107 126	4 979 135
Teasury shares 204 4358 C20 4.355	Capital and reserves attributable to equity holders of the parent company			2 362 542
Total equity 2 476 788 2 459 036 2 372 534 LABILITIES 630 976 581 670 645 531 Borrowings (note 6) 500 976 581 670 645 531 Deferred tax (lability 481 047 422 828 473 572 Employment benefit obligations 1 783 990 2 166 470 1 961 070 Trade and other labilities 1 783 990 2 160 470 1 961 070 Trade and other labilities 1 69 579 2 161 155 1 573 787 Borrowings (note 6) 214 431 4 98 77 3 76 431 Shareholders for dividend 1 829 2 68 49 090 2 606 601 Total (labilities) 2 394 876 2 643 090 2 606 601	Treasury shares	(204 435)	(204 435)	(204 435) 2 493 020
LABILITIES 630 976 581 670 645 531	Non-controlling interest	9 622	11 020	9 992
Non-current liabilities	Total equity	2 476 788	2 459 036	2 372 534
Deferred tax liability 481 047 149 22 828 473 575 22 828 Furnetn liabilities 1 763 900 2 006 420 1 961 070 Current liabilities 1 763 900 2 006 420 1 961 070 Trade and other liabilities 1 560 579 1 611 155 1 570 178 Borrowings (note 6) 21 4.31 429 357 376 431 Sharetholders for drivdend 1 828 1 884 1 930 Total liabilities 2 394 876 2 643 990 2 606 601	LIABILITIES Non-current liabilities	630 976	581 670	645 531
Tests and other fabilities 1580 579 1 611 155 1 158 178 Corrent tax liabilities 6 961 24 044 4 54 Borrowings Inote 6l 24 431 429 387 376 231 Shareholders for dividend 1 929 1 864 1 920 Total liabilities 2 394 876 2 643 090 2 606 601	Deferred tax liability		422 828	473 572 171 959
Current tax liabilities 6.961 by 24 044 by 35 cm 4.54 5 cm Borrowings (note 6) 214.431 by 35 cm 429.857 by 376.331	Current liabilities	1 763 900	2 066 420	1 961 070
	Current tax liabilities Borrowings (note 6)	6 961 214 431	24 044 429 357	1 578 178 4 541 376 431 1 920
Total equity and liabilities 4 871 664 5 107 126 4 979 135	Total liabilities	2 394 876	2 648 090	2 606 601
	Total equity and liabilities	4 871 664	5 107 126	4 979 135

CONDENSED CONSOLIDA	TED STATE	MENT OF CASH FLO	
	Unaudited	Unaudited	Audited
	six months	six months	12 months
	ended	ended	ended
	31 March 2017 R'000	31 March 2016 B'000	30 Sept 2016 B'000
Cash operating profit	281 579	558 713	546 544
Changes in working capital	(38 607)	(352 893)	(46 103)
Cash generated from operating			
activities	242 972	205 820	500 441
Income tax paid	(49 649)	(100 465)	(122 251)
Cash flows from operating			
activities	193 323	105 355	378 190
Cash used in investing activities	(67 899)	(64 714)	(160 748)
Capital expenditure	(60 810)	(57 591)	(145 410)
Costs incurred on intangibles	(8 034)	(15 525)	(28 585)
Proceeds on disposal of property,	945	7 493	0.000
plant and equipment Finance income	945	7 493 909	8 028 5 219
	_		
Cash flows to financing activities	(71 118)	(248 964)	(447 008)
Dividends paid	(38 697)	(222 435)	(373 143)
Proceeds from shares issued	5 493	1 309	1 600
Finance expense	(14 417)	(3 863)	(26 449)
Decrease in borrowings	(23 497)	(23 975)	(49 016)
Net movement in cash and cash			
equivalents	54 306	(208 323)	(229 566)
Effects of exchange rate changes	(338)	(899)	(1.763)
Cash and cash equivalent balances			
at beginning of year	(204 744)	26 585	26 585
Cash and cash equivalent			
balances at end of period (note 7)	(150 776)	(182 637)	(204 744)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2017	Unaudited six months ended 31 March 2016	Audited 12 months ended 30 Sept 2016
	R'000	R'000	R'000
Balance at beginning of year Profit for the period	2 372 534 136 066	2 371 580 300 679	2 371 580 372 167
Other comprehensive income for the period, net of tax	1 333	7 733	54
Dividends to the company's shareholders	(38 706)	(222 435)	(373 316)
Proceeds on shares issued	5 493	1 309	1 600
Option value of share options granted Other	68	170	135 314
Balance at end of period	2 476 788	2 459 036	2 372 534

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Unaudited six months ended 31 March 2017 R'000	Unaudited six months ended 31 March 2016 R'000	Change %	Audited 12 months ended 30 Sept 2016 R'000
Revenue				
Poultry	4 455 856	4 436 029	0,4	9 128 645
Feed	3 448 115	3 460 793	(0,4)	7 189 614
Other Africa	215 613	258 227	(16,5)	515 346
Inter-group	(2 324 888)	(2 332 418)		(4 879 735)
	5 794 696	5 822 631	(0,5)	11 953 870
Operating profit				
Poultry	22 301	194 137	(88,5)	58 900
Feed	184 404	233 276	(21,0)	484 967
Other Africa	5 270	1 372	284,1	4 983
	211 975	428 785	(50,6)	548 850

ADDITIONAL INFORMATION

Unaudited six months ended 31 March 2017	Unaudited six months ended 31 March 2016	Change %	Audited 12 months ended 30 Sept 2016
137 645	299 367	(54,0)	373 305
050	774	(5.4.0)	0.05
			965
		(54,1)	964
180	390		490
38 739 308	38 684 308		38 687 308
38 705 146	38 682 687		38 683 748
38 732 173	38 705 309		38 705 090
162 565	242 081		240 030
6,6	9,8		10,1
63,69	63,28		61,07
	six months ended 31 March 2017 137 645 356 355 180 38 739 308 38 705 146 38 732 173 162 565 6,6	six months ended 31 March 2016 431 March 2017 299 367 299 367 356 773 356 773 38 634 308 38 634 308 38 732 173 38 705 309 162 565 9.8 8	six months ended 31 March 2016 % (Annoel 31 March 2016

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 2017 have been prepared in accordance with International 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 discortor, DD Ferrario CA(SA).

These condensed interim financial statements have not been reviewed or audited by the Group's

Accounting policies

The accounting policies applied in this condensed interim financial statements comply and are consistent with those applied in the preparation of the Group's annual financial s for the year ended 30 September 2016.

Unaudited six months ended March 2017 R'000 2 119 70 776 (1 574) 2 302 (3 951) 136 448 1 197 -	Unaudited six months ended 31 March 2016 R'000 2 607 72 141 1 604 (3 046) 671 300 531 (1 164)	Audited 12 months ended 30 Sept 2016 R'000 4 401 139 286 2 034 (6 746) 17 190) 372 972
70 776 (1 574) 2 302 (3 951) 136 448 1 197	72 141 1 604 (3 046) 671 300 531	139 286 2 034 (6 746) 17 190)
70 776 (1 574) 2 302 (3 951) 136 448 1 197	72 141 1 604 (3 046) 671 300 531	139 286 2 034 (6 746) 17 190)
70 776 (1 574) 2 302 (3 951) 136 448 1 197	72 141 1 604 (3 046) 671 300 531	139 286 2 034 (6 746) 17 190)
(1 574) 2 302 (3 951) 136 448 1 197	1 604 (3 046) 671 300 531	2 034 (6 746) 17 190)
2 302 (3 951) 136 448 1 197	(3 046) 671 300 531	(6 746) (7 190)
2 302 (3 951) 136 448 1 197	(3 046) 671 300 531	(6 746) (7 190)
(3 951) 136 448 1 197	671 300 531	(7 190)
1 197		372 972
1 197		372 972
	(1.164)	
		14 4990
	(1.104)	(1 475) 1 808
	200 007	
137 645	299 307	373 305
_	957	_
11 789	58 487	35 286
(11 789)		(35 286)
-	11 656	
202 642	381 569	341 145
11 789	47 788	35 286
214 431	429 357	376 431
		(341 145)
51 866	198 932	136 401
(150 776)	(182 637)	(204 744)
46 886	32 049	37 967
60 735	70 943	66 813
1 386 663	2 156 370	1 804 973
	(11 789) - 202 642 11 789 214 431 (202 642) 51 866 (150 776) 46 886 60 735	11 789 58 487 (11 789) 14 77 788 1 17 89 58 487 (11 789) 14 77 788 1 17 89 47 788 214 431 429 357 (202 642) 198 932 (150 776) (182 637) 46 896 32 049 60 735 70 943

FINANCIAL OVERVIEW

The headline earnings for the six months ended 31 March 2017 at R138 million was down on the R299 million for the previous year's first six months due to lower volumes and the impact of drought-related cost increases, in particular on the profitability of the poultry businesses.

Revenue decreased marginally by 0,5% to R5 795 million, as result of lower sales volumes by both divisions compared to the comparative period.

divisions compared to the comparative period.

The Group's operating profit decreased by 50,6% to R212 million. The Poultry division's contribution of R22 million was substantially down on its prior period's reported operating profit or R194 million, was the feed division's profits at R194 million was 21,0% down on the profit for the comparative period. The other Africa division's contribution to profits at R6 million, although an improvement on the prior period's R1 million, was still low and a reflection of ongoing difficult trading conditions in those regions. The net finance cost at R16 million is higher than the comparative year, reflecting the general higher level of borrowings following the lower profitability during this reporting period.

tered to controvings tollowing the lower proteins and the reporting period. Cash inflow from operating activities at R243 million was an improvement on the prior period's inflow of R206 million as result of the lower outflow to working capital of R39 million, compared to the working capital outflow of R363 million for the comparetive period. Ceptal expenditure of R89 million reflected normalised ongoing expenditure. The net movement in cash and cash equivalents, including the payment of the 2016 final dividend, was an inflow of R84 million. Then of etch of R163 million was down on the net debt as at 30 September 2016, and equates to a net debt to equity ratio of 6,8%.

The board has declared an interim dividend of 180 cents per share. The distribution will be accommodated within the liquidity capabilities of the Group

The period under review includes a number of key factors that distort comparison to the same period in the prior year, mainly brought about by the new brining regulations, which impacted the Group's poultry product mix, sales volumes and average sales realisations.

Poultry Division
Revenue for the division increased marginally by 0.4% to f84.456 million (2016: f84.436 million) being the net of lower volumes and higher average poultry sales realisations.

Sales volumes were significantly down by 10.5% (24.020 tons) due to a combination of less meat sold and lower brining levels. Average sales realisations were impacted when Astral discontinued the lower priced IGP range with a brine uptake of 30%, which was replaced with a higher cost product offering. The new IGP product range conferms to the brining legislation promulgated in October 2016 with a brine uptake capped at 15%, and this change has distorted year-on-year pricing comparisons.

Poultry feed prices reached a record high, increasing by an average 16.8% over the comparable period, as a result of high raw material costs following the devastating drought together with a revised poultry feeding programme. Improved broiler production efficiencies on the new feeding programme partly negated the higher feed cost.

negated the higher feed cost. The inability to fully recover higher feed input costs through the selling price of poultry, resulted in the operating profit for the division dropping significantly by 88.5% to R22 million (2016; R194 million). Total poultry imports remained at high levels despite EU poultry imports decreasing as a result of Avian Influenza outbress in certain EU countries. Total poultry imports equate to an average 8.2 million brids per veek for the six months ending March 2017, notwithstanding all efforts to curb poultry dumping. Total poultry imports reached a record high in March 2017 at 66 685 tons (equivalent to 11.7 million birds per veek), which is comparable to approximately 65% of local production.

Feed Division

Revenue for the division was down by 0.4% to R3 448 million (2016; R3 461 million) driven by an 8.0% drop in sales volumes as a result of; lower internal sales due to broiler production cutbacks, coupled with improved feed conversion efficiencies, as well as lower external demand across all livestock sectors. Average selling prices were up by 10.4% in an effort or recover the increase in raw material costs, which was brought about by the severe drought.

Operating profit decreased to R184 million (2016: R233 million) with an operating profit margin at 5.3% (2016: 6.7%). Rand per ton margins decreased with selling price pressure partially offset by the containment of other operating costs below inflationary levels.

Other Africa Division

on decreased by 16.5% to R216 million (2016: R258 million) driven largely by higher feed selling prices in Zambia.

The operating profit for the division increased to R5.3 million (2016: R1.4 million). Profitability in the Zambian operations was positively impacted by an improved performance from Tiger Animal Feeds.

The weak economy in Mozambique remains a concern as it continued to impact on the value of Astral's business operations in that country.

PROSPECTS

- . The weakened state of consumer spending is unlikely to improve due to poor economic growth and higher unemployment
- The current safeguard duty recommended by ITAC against the EU is not expected to significantly curb poultry import levels (March 2017 USA spike).
- The new brining regulations will continue to negatively impact total kilograms sold at the revised brining level of 15% on IQF product.
- The risk of permanent power cuts by Eskom to Astral's operations in Standerton has been negated. through an order of the High Court.
- Record local maize crop is expected for the current harvest season at 14,5 million tons which historically is the largest change in the crop size year-on-year (2016; 7,7 million tons).
- Poultry production efficiencies are expected to remain intact on the back of superior nutrition optimising the genetic potential of the Ross 308 breed.

DECLARATION OF ORDINARY DIVIDEND NUMBER 32

The board has approved an interim dividend of 180 cents per ordinary share (gross) in respect of the six months ended 31 March 2017.

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 180 cents per ordinary share for shareholders exempt from the Dividend Tax;
- The net local dividend is 144 cents per ordinary share for shareholders liable to pay Dividend Tax;
- Astral Foods Limited has currently 42 827 885 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 Shares commence trading ex-dividend Record date Payment of dividend Wednesday, 7 June 2017 Friday, 9 June 2017 Monday, 12 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 June 2017 and Friday, 9 June 2017, both days inclusive.

On behalf of the board

T Eloff Chairman CE Schutte Chief Executive Officer Pretoria 15 May 2017























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• Sponsor Nedbank Corporate and Investing Banking, a division bank Limited, 136 Khorola Gangua, Stwoen Boad, Sandown, 2196, Telephone; +27 (0) 294 4444

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