



AFGRI

Total sales up **20,0%**
Headline earnings per share up **10,3%**

Total taxation reduced by 65% (including once-off R20 million benefit)

Loss from discontinued operations R14 million (prior year R69 million)

Dividend declared up by **9,3%**

Reviewed condensed consolidated second interim financial results for the twelve months ended 29 February 2008

AFGRI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1995/004030/06)
ISIN number: ZAE000040549 Share code: AFR

Group income statement (R'millions)

	Reviewed Second interim 12 months ended 29 February 2008	Audited Year ended 28 February 2007
Continuing operations		
Sales of goods and services	7 309	6 077
Interest on trade receivables financed by banks	363	246
Interest earned on other trade receivables	119	66
Total sales	7 791	6 389
Cost of sales	(5 979)	(4 700)
Gross profit	1 812	1 689
Other operating income	100	91
Other operating expenses	(1 138)	(1 108)
Operating profit	774	672
Negative goodwill from business combinations	1	47
Share of (losses)/profits of associates	(1)	1
Finance costs	(443)	(305)
Profit before income tax	331	415
Income tax expenses	(29)	(70)
Profit for the twelve months from continuing operations	302	345
Discontinued operations		
Loss for the twelve months from discontinued operations	(14)	(69)
Profit for the twelve months	288	276
Profit for the twelve months attributable to:		
Equity holders of the Company	212	190
Minority interest – BEE partners	73	79
– Other minorities	3	7
Profit for the twelve months	288	276
Weighted average number of shares in issue (millions)	316,8	317,2
Diluted weighted average number of shares in issue (millions)	341,2	341,2
Earnings per share from continuing operations (cents)	70,1	76,3
Earnings per share from discontinued operations (cents)	(3,4)	(16,4)
Earnings per share from all operations (cents)	66,7	59,9
Diluted earnings per share from continuing operations (cents)	65,1	70,9
Diluted earnings per share from discontinued operations (cents)	(3,1)	(15,2)
Diluted earnings per share from all operations (cents)	62,0	55,7
Headline earnings per share from continuing operations (cents)	69,5	65,2
Headline earnings per share from discontinued operations (cents)	(1,0)	(3,1)
Headline earnings per share from all operations (cents)	68,5	62,1
Diluted headline earnings per share from continuing operations (cents)	64,5	60,6
Diluted headline earnings per share from discontinued operations (cents)	(0,9)	(2,9)
Diluted headline earnings per share from all operations (cents)	63,6	57,7

Group balance sheet (R'millions)

	Reviewed 29 February 2008	Audited 28 February 2007
ASSETS		
Non-current assets	1 656	1 478
Property, plant and equipment	1 093	1 018
Goodwill	31	26
Other intangible assets	214	145
Investments in associates	6	7
Financial receivables	160	152
Deferred income tax assets	152	130
Current assets	6 842	5 642
Inventories	991	1 010
Biological assets	78	39
Trade and other receivables	901	896
Trade receivables financed by Land Bank	2 698	2 724
Trade receivables financed by other banks	1 130	—
Derivative financial instruments	144	176
Current income tax assets	17	95
Cash and cash equivalents and cash collateral deposits	883	702
Cash collateral deposits	420	397
Cash and cash equivalents	463	305
Non-current assets classified as held for sale	22	—
Total assets	8 520	7 120
EQUITY		
Capital and reserves attributable to equity holders	1 431	1 231
Share capital	—	—
Treasury shares	(155)	(155)
Incentive trust shares	(121)	(151)
Share premium	—	—
Fair value and other reserves	68	10
Retained earnings	1 639	1 527
Minority interests	616	589
Total equity	2 047	1 820
LIABILITIES		
Non-current liabilities	290	299
Borrowings	123	109
Deferred income tax liabilities	167	178
Provisions for other liabilities and charges	—	12
Current liabilities	6 183	5 001
Trade and other payables	1 724	1 680
Derivative financial instruments	70	146
Current income tax liabilities	12	20
Short-term borrowings	—	16
Call loans and bank overdrafts	549	446
Land Bank borrowings to finance trade receivables	2 698	2 693
Other bank borrowings to finance trade receivables	1 130	—
Total liabilities	6 473	5 300
Total equity and liabilities	8 520	7 120
Net asset value per share attributable to equity holders (cents)	419	361

Group cash flow statement (R'millions)

	Reviewed Second interim 12 months ended 29 February 2008	Audited Year ended 28 February 2007
Operating activities		
Net profit before tax	307	338
Changes in working capital	(1 090)	333
Other non-cash flow items	(2)	(41)
Tax received/(paid)	14	(25)
Net cash (utilised in)/generated from operating activities	(771)	605
Net cash utilised in investing activities	(188)	(212)
Net cash generated from/(utilised in) financing activities	1 014	(236)
Net increase in cash and cash equivalents	55	157
Cash and cash equivalents at the beginning of year	(141)	(298)
Cash and cash equivalents at the end of the twelve months	(86)	(141)
Cash collateral deposits	420	397
Cash and cash equivalents and cash collateral deposits	334	256

Administration

Business address and registered office: 33 Sloane Street, Knightsbridge Manor, Block B2, Bryanston, Tel (+27 11) 549-0600, Fax (+27 11) 463-4139
Company Secretary: Ms SL Reynolds, PO Box 3559, Crameview, 2060
Bankers: ABSA Bank Limited, FirstRand Bank Limited, Land and Agricultural Development Bank of SA Limited, Nedcor Limited, Standard Bank of SA Limited, The Hongkong and Shanghai Banking Corporation Limited
Auditors: PricewaterhouseCoopers Incorporated, **Transfer secretaries:** Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107, Tel (+27 11) 370-5000
Sponsor: Rand Merchant Bank, (a division of FirstRand Bank Limited), 1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196, PO Box 786273, Sandton, 2146

Commentary

The directors of AFGRI Limited ("AFGRI") present the condensed consolidated interim financial results of the AFGRI group of companies for the twelve months ended 29 February 2008. The consolidated interim headline earnings show a 10,3% improvement over the same period for the prior financial year.

AFGRI's performance for the twelve months ended 29 February 2008 was impacted by the drought conditions of the 2007 growing season resulting in lower yields and a small crop for a second consecutive year in a row. Low carry-in silo stock levels, a smaller crop and tighter interest margins impacted negatively on trading conditions for the Financial and Logistics Services businesses. Above average plantings and good rain in the second half of the year helped the Producer Services business improve on its prior year's excellent performance. Increased volumes and improved operational efficiencies enabled the Protein business to improve on its prior year's profitability whilst the Foods business performed in line with the prior year.

Operational review

Revenue

Sales from continuing operations increased by 21,9% compared to the same period in the prior year. The main contributors to this increase are Protein (41,8%) and Foods (20,6%) as a result of increased raw material prices and volumes. Financial Services (40,0%) due to increased interest rates and a larger debtors' book and Producer Services (13,8%) on the back of higher equipment and primary input sales. This was offset by a 13,7% decline in sales in the Logistics Services business due to lower grain volumes as a result of the drought and low carry-in stock. Despite the decline in sales this business maintained its market share.

Headline earnings

Headline earnings per share for the period under review are 68,5 cents, 10,3% higher than that achieved for the comparative prior year period. Diluted headline earnings per share are 63,6 cents, 10,2% higher than the comparative prior year period. As indicated in the six months' interim results, headline earnings include a R20 million once-off recognition of a foreign deferred tax asset. The prior year headline earnings included a once-off foreign exchange gain of R16 million.

Segmental headline operating profit after dividends received and interest

Continuing operations:

The Producer Services business reported a good first six months. Above average spending as a result of the good rains in the second six months, combined with operational improvements, led to a 71,5% and 4,5% improvement in retail and primary inputs' respective profits for the twelve months under review compared to the prior year.

Increased selling prices and volumes combined with effective procurement and operational efficiencies in the Animal Feeds business, saw the Protein division improve profits over that of the prior year by 4,1%, despite the negative impact of feed costs and lower selling prices in the Broiler industry.

Improved procurement and operational yields in the Foods business led to a 7,1% increase in profitability over last year.

The Financial Services business was positively impacted by the larger debtors' book and improved performance in Africa. Profit improved by 43,8% excluding the effects of a prior year once-off foreign exchange gain of R31 million.

The Logistics Services business was adversely affected by the drought which resulted in two years of low maize crops. As a result profit reduced by 39,8% compared to the prior year.

Net increase in cash collateral deposits, cash and cash equivalents – R78 million (2007: R171 million)

During the period AFGRI arranged new funding lines in excess of R1,1 billion to fund the growth in its debtor financing business. This is in line with the Group's strategy to diversify funding. Significant progress has been made in restructuring funding to reduce the cost of financing and the dependence on individual lenders.

The positive net cash position, after including cash collateral deposits, is R334 million compared to R256 million at 28 February 2007.

Change to the board of directors and year-end

Dr MI Mogari joined the AFGRI board of directors as an executive director, with effect from 1 February 2008.

The Financial Director, Mr I de W Goosen, having reached the mandatory retirement age, is leaving the company on 31 May 2008.

As reflected by these results the company changed its year-end from February to June. Refer note 8.

Prospects

Higher grain prices and the excellent summer rains have resulted in increased grain plantings and a much larger anticipated crop which is expected to have a positive impact on the Logistics Services business. This, together with continued good performances from Producer Services and Animal Feeds, should result in a satisfactory final four months of the 16 months' period ending 30 June 2008.

By order of the Board

DD de Beer (Non-Executive Chairman) **JD Wright** (Managing Director)

7 May 2008

Declaration of second interim dividend

Notice is hereby given that the directors of AFGRI have declared a second interim dividend of 21,70 cents per share for the period ended 29 February 2008. In accordance with settlement procedures of STRATE, the following dates will apply to the second interim dividend:

Last day to trade cum the dividend Friday, 20 June 2008

Trading ex dividend commences Monday, 23 June 2008

Record date Friday, 27 June 2008

Dividend payment date Monday, 30 June 2008

There will be no dematerialisation or rematerialisation of AFGRI shares between 23 June 2008 and 27 June 2008, both dates inclusive.

By order of the Board

SL Reynolds
Group Company Secretary

Johannesburg

Notes to the Group interim results

1. Basis of preparation and accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 and the South African Companies Act, (Act 61 of 1973), as amended ("Companies Act") and under the historical cost convention, as modified by the revaluation of available for sale financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and fair value of biological assets. The accounting policies conform to International Financial Reporting Standards and are consistent with those applied in the corresponding prior period.

2. Property, plant and equipment, intangible assets and goodwill

	Property, plant and equipment	Intangible assets and goodwill		
(R'millions)	29 February 2008	28 February 2007	29 February 2008	28 February 2007
Carrying value beginning of year	1 018	710	171	105
Additions	174	137	93	25
Disposals at book value	(30)	(37)	(1)	(2)
Foreign currency differences	10	13	3	2
Depreciation/amortisation	(61)	(60)	(13)	(14)
Purchase of subsidiaries	12	257	—	65
Net sale of subsidiary (including assets held for sale)	(23)	(2)	—	(4)
Impairment	(7)	—	(8)	(6)
Carrying value end of second interim period	1 093	1 018	245	171

3. Finance costs

(R'millions)	29 February 2008	28 February 2007
Interest paid on Land Bank borrowings	(290)	(199)
Interest paid on other banks' borrowings used to finance debtors	(14)	—
Other interest paid to financial institutions	(139)	(106)
Finance cost – Continuing operations (per income statement)	(443)	(305)
Finance cost – Discontinued operations	(4)	(5)
Finance cost – Total	(447)	(310)

4. Reconciliation of headline earnings per share (cents)

	29 February 2008	28 February 2007
Earnings	66,7	59,9
Loss from discontinued operations	2,4	15,9
Impairment of assets	0,1	1,3
Negative goodwill	(0,1)	(10,9)
Profit on disposal of assets	(0,6)	(1,1)
Headline earnings previously reported	68,5	65,1
Impact of SAICA Circular 8/2007 – operating losses from discontinued operations	—	(3,0)
Headline earnings	68,5	62,1

5. Trade receivables financed by the Land Bank (R'millions)

The only security for the liability is the trade receivables and there is a legally enforceable right to set-off and the intention and practice are to settle the liability simultaneously with the asset realising. The Group bears the risk for the first 10% of losses on these debtors, but for no losses thereafter, which are for the risk of the Land Bank.

	29 February 2008	28 February 2007
Asset – Trade receivables	2 698	2 724
Liability – Land Bank	2 698	2 693

Trade receivables financed by other banks (R'millions)

The opportunity to grow the debtors financing business combined with the strategy to diversify funding lines and generate capacity for further growth resulted in the need for alternative financing structures. As a result, new general working capital facilities were negotiated with other banks. The Group bears a 100% risk on these facilities, but is in the process of restructuring the facilities to reduce the cost of funding, the risk and the reliance on individual lenders. The interim general facilities are treated as a financing activity on the cash flow statement.

	29 February 2008	28 February 2007
Asset – Trade receivables	1 130	—
Liability – other banks	1 130	—

6. Agency agreements

The Group manages agri debtors on behalf of third party financial institutions to the amount of R920 million (2007: R633 million). Management fees are paid by these third parties. The Group is liable for bad debts to a maximum of between 5% and 10% of the value of debtors administered.

The Group receives a fee for the handling, grading, storing and administration of commodities on behalf of third parties. The value of these commodities is R1 441 million (2007: R1 622 million).

7. Corporate governance and JSE Limited (JSE) compliance

The principles of good corporate governance were adhered to. The Group complied with the JSE Listings Requirements regarding the contents of the interim financial results.

8. Change in year-end

The board of directors has resolved to change the year-end of the Group from 28 February to 30 June. This will align the Group's year-end with the major (summer) grain season. The necessary approvals have been obtained to extend the current year-end from 29 February 2008 to 30 June 2008. This second interim report is for the twelve months ended 29 February 2008.

9. Discontinued operations

The Cleinturf operation is in the process of being sold and is disclosed as an asset held for sale. The comparative reclassification between continuing and discontinued operations in the Income Statement and Business Segment Results has been made.

10. Interim review

The 29 February 2008 condensed consolidated second interim financial statements were reviewed by the Group's external auditors, PricewaterhouseCoopers Inc, in accordance with the guidelines laid down by the International Standards for Review Engagements 2410 and their review opinion is available for inspection at the Group's registered office.

Group statement of changes in equity (R'millions)

	Share capital	Share premium	Fair value and other reserves	Retained earnings	Treasury shares	Incentive trust shares	BEE partners	Other minorities	Total
Adjusted balance 28 February 2006 (audited)	—	73	8	1 370	(155)	(122)	531	—	1 705
Net profit	—	—	—	190	—	—	79	7	276
Currency translation differences	—	—	(5)	—	—	—	—	—	(5)
Disposal of incentive shares	—	—	—	—	—	35	—	—	35
Shares purchased by share incentive trust	—	—	—	—	—	(64)	—	—	(64)
Capital distribution	—	(73)	—	—	—	—	—	—	(73)
Dividends paid	—	—	—	(33)	—	—	—	—	(33)
Payment to BEE partners	—	—	—	—	—	—	(46)	—	(46)
Minorities with business combinations	—	—	—	—	—	—	—	18	18
Share-based payments	—	—	7	—	—	—	—	—	7
Balance 28 February 2007 (audited)	—	—	10	1 527	(155)	(151)	564	25	1 820
Net profit	—	—	—	212	—	—	73	3	288
Payment to BEE partners and minorities movement	—	—	—	—	—	—	(44)	(5)	(49)
Currency translation differences	—	—	47	—	—	—	—	—	47
Fair valuing of cash flow hedges	—	—	2	—	—	—	—	—	2
Share-based payments	—	—	9	—	—	—	—	—	9
Dividends paid	—	—	—	(100)	—	—	—	—	(100)
Disposal of incentive shares	—	—	—	—	—	30	—	—	30
Balance 29 February 2008 (reviewed)	—	—	68	1 639	(155)	(121)	593	23	2 047

Business segment results (R'millions)

	Sales		Headline operating profit before interest and dividends		Net interest and dividends		Headline operating profit after interest and dividends		Assets	Liabilities
	2008	2007	2008	2007	2008	2007	2008	2007		
AFGRI Services	5 422	213	(29)	184	6 691	(5 216)				
Producer Services										
Primary inputs	1 378	40	(17)	23	378	(223)				
Retail	2 923	39	(15)	24	1 075	(561)				
Financial Services	920	62	7	69	4 925	(4 400)				
Logistics Services	201	72	(4)	68	313	(32)				
AFGRI Products	2 368	161	(19)	142	1 217	(674)				
Foods	393	18	(3)	15	222	(116)				
Protein	1 975	143	(16)	127	995	(558)				
Other	1	—	—	—	546	(583)				
Continuing operations	7 791	374	(48)	326	8 454	(6 473)			</	