



For Immediate Release

AFGRI reports strong results

- Earnings per share up 22.6% to 48.3 cents per share
- Interim dividend of 24.15 cents per share declared
- Debtors books reduced by R1,2 billion
- Cash position improved by R317 million

AFGRI Limited ("AFGRI"), the leading listed South African agricultural services group, today released half year results for the period ended 31 December 2009.

Chris Venter, CEO of AFGRI, says that the results are supported by improved performances from AFGRI's grain storage business unit and the animal protein division, comprising both animal feeds and the Daybreak poultry operations.

Despite depressed global economic conditions that resulted in revenue decreasing by 9.6% to R3.866 million (2008: R4.274 million) and operating profit margin declining slightly to 12.9% (2008: 14.4%), the Group's net cash position improved by R317 million to R58 million (2008: negative R259 million) and earnings attributable to equity holders reflected a 23.8% improvement over the same period of the previous financial year. The continued focus on restructuring of the balance sheet lead to the group's gearing ratio improving to 66.3% from 74.3% over the past 12 months, this on the back of a reduction in the debtors' book, efforts to control inventories and limit capital expenditure

The Group achieved a 22.6% increase in earnings per share to 48.3 cents per share and a 3.9% increase in headline earnings per share ("HEPS") to 45.2 cents per share. The lower HEPS percentage increase is attributable to the prior period comparative figure including the add back of approximately R32 million of impairment losses from discontinued operations. Diluted headline earnings per share have remained constant.

Continuing operations:

AFGRI continues to provide business segment results, as follows:

AFGRI Financial Services (comprising the Capital (lending operations) and Broking operating units);
AFGRI Agri Services (comprising Logistic Services and Producer Services); and
AFGRI Foods (comprising Animal Feeds, Daybreak and Nedan).

AFGRI Financial Services

The Group's Financial Services division is the most exposed to the worldwide credit crunch, which began towards the end of 2008. During the second six months of the previous financial year (January to June 2009) this division reported a large loss due to worldwide credit constraints and the re-pricing of facilities.

Venter said that, "The exposure of this division to the credit crunch lead to a change in the division's philosophy, to one of more closely aligning its debtors' book with the AFGRI value chain." A variety of corrective measures have been implemented within the Financial Services division, resulting in it returning to profitability for the period under review. Compared to the previous year, this division reported a 74.1%

decline in profit before tax as a result of the continuing re-pricing of facilities and predominantly fixed operating costs.

Venter says that the quality of AFGRI's debtors' book remains exceptional with bad debt write-offs limited to 0.3%. Further cost containment, the disposal of non-core elements of the debtors' book, improved re-pricing flexibility and an improvement in the credit market, all bode well for AFGRI Financial Services' future results.

AFGRI Agri Services

The Agri Services division reported a 24.2% increase in profits before tax on a 7.1% increase in revenue and contributed 53% of total revenue to the group.

The AFGRI Logistic Services division which includes the grain storage business, once again performed exceptionally well, as a result of a good maize crop and retaining its significant market share in the regions in which it operates.

A decline of 14.0% in the Group's Producer Services division turnover and a reduction in its operating margin from 4.8% to 4.6%, driven by a later buying season as input commodity prices declined and equipment sales fell nationally, lead to a reduction in normalised profit before tax of 14.5%. "Given the external environment, this division performed well," said Venter.

AFGRI Foods

The Foods division posted a 17.7% increase in profit before tax on 21.3% higher revenue and was responsible for 38% of total revenue.

A 57.4% year-on-year volume increase for the first six months of the financial year was recorded at the Group's poultry operation, Daybreak Farms. Daybreak produced 36 000 tons of poultry meat during this period, following significant expansion in 2009.

The Animal Feeds division saw an improvement in volumes, whilst the results of the Oil and Protein division remained constant.

Discontinued operations

Venter says, "We will continue to dispose of non-core businesses in line with the Group's more focused strategy. A major highlight is the fact that no losses are reflected in the discontinued operations line." Included in the results from discontinued operations are the Tsunami business unit and the Lowveld and KwaZulu Natal retail stores.

Changes to the Board

AFGRI recently appointed its first black chairman, Jethro Mbau. Jethro has been a board member for the past three years, chairing the AFGRI credit committee as well as being a member of the Audit and Risk management committee and he is a former chairman of the Land Bank.

Prospects

“AFGRI has undergone restructuring in order to improve operational efficiencies and concentrate on business operations which better fit our grain value chain,” said Venter. “We have made good progress with our restructuring effort and the alignment of the business with our new strategy, but more work lies ahead,” he concluded.

The results for the coming six months will depend on the size and timing of the summer crop, improved credit markets and the resumption of consumer spending.

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