

Audited condensed consolidated financial results for the year ended 28 February 2007

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



Group earnings per share up 45,4%

Headline earnings per share up by 65,6%

Net cash generated from operating activities R602 million

Acquires broiler business

Disposes of underperforming Cotton ginning business

COMMENTARY

The directors of AFGRI present the condensed consolidated financial results of the AFGRI Group of companies ("the Group") for the year ended 28 February 2007.

We are pleased to report increases in Group earnings of 45,4% and headline earnings of 65,6% over 2006. Headline earnings before tax from continuing operations increased by 59,9% over 2006.

This performance was achieved in what was another challenging period for agriculture. Farmers reduced plantings in 2006 by more than 40% in the face of low average maize prices of R275 a ton for 2005 driven largely by the then strong Rand and a substantial maize surplus. The lower plantings resulted in a crop of 6,6 million tons, 43% down on the previous year's crop of 11,5 million tons.

Improvements were achieved on the back of a more buoyant agricultural climate driven primarily by improved commodity prices and more specifically the increase in the hedgehog planted to maize. As a result the Group achieved a 22% increase in turnover of the Primary Inputs and Retail businesses and a 27% increase in turnover of the Financial Services business. This, combined with continued focus on the reduction of fixed overheads and the optimisation of supply chain efficiencies resulted in improved profitability of R160 million for these businesses.

Much improved performances were achieved in the Retail division as a result of the sale of the loss making Cotton ginning business early in the year and excellent performances in the Animal Feed business as a result of good procurement and factory efficiencies. Daybreak, the Group's newly acquired broiler business also performed better than expected.

Headline earnings before tax and after finance cost from continuing operations compared to 2006 increased by R136 million (59,9%) in 2007. The 2007 net increase is largely made up of:

- R64 million (147%) increase in Primary Inputs (Producer Services);
- R61 million (130%) increase in Retail (Producer Services);
- R60 million (97%) increase in Protein business (Included in Products); and
- R88 million (44%) decrease in Logistics Services (Including Handling & Storage).

The Producer Services business benefited from higher volumes, improved gross margin and cost reduction programmes, whilst the Financial Services business had another good year after the excellent improvement achieved in 2006. The Logistics Services business was negatively impacted through its Handling & Storage and Logistics arms by a lower than expected crop.

On the international front, the Australian business was negatively impacted by the worst drought recorded in history, but despite this a small operating profit after interest was achieved.

Earnings per share up 45,4%
Headline earnings per share up 65,6%

Earnings per share of 59,9 cents are up 45,4% compared to the prior year (41,2 cents). This is due to improved performances by the Producer Services and Financial Services businesses offset by a decrease in the profitability of the Logistics Services and International businesses.

The headline earnings per share increased by 65,6% to 65,1 cents after adjusting for loss from discontinued operations (+15,9 cents), impairment (+1,3 cents), profit on disposal of assets (-1,1 cents) and negative goodwill on acquisition (-10,9 cents). The increase in headline earnings per share was largely driven by the 59,9% increase in headline profit before tax from continuing operations, reduced by an increase in the effective tax rate and an increase in the number of shares issued.

After taking into account the shares held by the AFGRI Share Incentive Trust, consolidated in terms of IFRS, the fully diluted earnings per share of 55,7 cents compares to 39,0 cents in the prior year. The fully diluted headline earnings per share increases by 62,6% to 60,5 cents (2006: 37,2 cents). In previous years, only the fully diluted earnings and headline earnings per share were disclosed.

Net cash and cash collateral deposits - R255 million
Net cash and cash collateral deposits improved by 200,0%. This is largely due to a R602 million cash inflow generated from operating activities (increased profitability and R333 million improvements in working capital) reduced by a R294 million outflow in investing and financing activities and a R152 million net distribution to shareholders and BEE partners.

Acquisitions and major investments
AFGRI acquired 100% of the issued share capital of a broiler operation, Daybreak, with effect from 1 April 2006. The net assets of Daybreak on this date were R167,6 million and the consideration paid was R120,5 million. This resulted in negative goodwill of R47,1 million, which led to an adjustment for purposes of the calculation of headline earnings. Daybreak focuses on broiler production and integrates well with the AFGRI Animal Feeds business. Daybreak contributed R346,7 million to turnover and R41 million profit before internal interest and tax.

AFGRI incurred further capital expenditure of R137 million as set out in the Business Segment Results.

Disposals
Subsequent to 28 February 2006 AFGRI's Cotton ginning business, held through the Clark Cotton group, was sold. The sale is consistent with AFGRI's policy of exiting businesses that fail to meet the required rate of return. The net loss after tax on sale of this business was R41 million and was added back in the calculation of headline earnings.

Dividends and distributions
A final cash dividend for 2007 of 19,85 cents per share is declared. This follows the interim dividend of 10,15 cents per share that was declared and paid at half-year and brings the total dividend for the year to 30,0 cents per share.

For the prior year, an interim dividend of 9,05 cents and a final distribution of 21,18 cents per share were declared. The prior year final distribution of 21,18 cents included a special distribution of 10,73 cents arising from the proceeds of the sale of the Pioneer Foods shares. The total 2007 declared dividend of 30,0 cents per share compares therefore to a total 2006 ordinary dividend of 19,50 cents per share, representing an increase of 53,8%.

Prospects
Recent poor rains are expected to lead to a much lower maize crop. This will again challenge parts of our business. Higher maize prices will benefit the Producer Services and Financial Services businesses, but the smaller crop will have a negative impact on the Handling & Storage business and put pressure on margins in the animal feed and broiler businesses. The emphasis in the year ahead will be on more efficient procurement and improved management of supply chain logistics to mitigate the effects of higher maize prices in those parts of our business that are sensitive to escalating prices. Despite the challenging conditions for the year that lie ahead, we remain confident of achieving positive earnings growth in the coming financial year.

By order of the Board
PF Erasmus (Non-Executive Chairman) JD Wright (Managing Director)
15 May 2007

DECLARATION OF CASH DIVIDEND

Notice is hereby given that the directors of AFGRI have declared a final dividend of 19,85 cents per share for the year ended 28 February 2007. In accordance with settlement procedures of STRATE, the following dates will apply to the final dividend:

Friday, 15 June 2007	Friday, 15 June 2007
Trading ex-dividend commences	Monday, 18 June 2007
Record date	Friday, 22 June 2007
Dividend payment date	Monday, 25 June 2007

There will be no dematerialisation or rematerialisation of AFGRI shares between Monday, 18 June 2007 and Friday, 22 June 2007, both dates inclusive.

By order of the Board
SL Reynolds (Group Company Secretary) 15 May 2007
Johannesburg

DIRECTORATE

Non-executive: PF Erasmus Chairman (63) BSc Agric, GAL Ebedes (59) BSc Agric, MM Malolele (51) Dipl. Business Management, CA Apsay (59) BSc, MBA, JJ Claassen (57), DD de Beer (66), CA(SA), JJ Ferreira (54), BSc (Hons) (Civ. Eng), JF Mbovi (56) Banking Diploma - Cit Corp College Business Management Diploma - Pretoria University, Executive Management Programme - Stellenbosch University, KI Thoko (43) BSc Admin, Hans (BA) MBA, F van der Merwe (49) BEd, MA
Executive: JD Wright (49) BAcc, CA(SA), DM Swetela (41) BSc Chem Eng, I de W Goozen (59) BCom, CA(SA)
Alternate Director: JH Mooney (59) BCom, CA(SA)

AUDITED GROUP BALANCE SHEET on 28 February (All amounts in R millions)

Note	Actual 2007	Restated 2006	Restated 2005
ASSETS			
Non-current assets	1 478	1 256	1 097
Property, plant and equipment	1 018	710	683
Goodwill	26	24	23
Other intangible assets	145	81	55
Investments in associates	7	9	20
Available-for-sale financial assets	—	3	96
Financial receivables	152	269	100
Deferred income tax assets	130	160	120
Current assets	5 642	4 801	5 304
Biological assets	39	—	—
Inventories	1 010	1 038	1 081
Trade and other receivables	896	682	932
Trade receivables financed by land bank	2 724	2 323	2 488
Derivative financial instruments	177	61	68
Income tax assets	94	120	121
Cash and cash equivalents and cash collateral deposits	702	577	614
Cash collateral deposits	397	382	343
Cash and cash equivalents	305	195	271
Non-current assets classified as held-for-sale	—	86	—
Total assets	7 120	6 143	6 401
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders	1 231	1 173	1 043
Share capital	—	—	—
Treasury shares	(155)	(155)	(155)
Incentive trust shares	(151)	(122)	(59)
Share premium	—	73	—
Fair value and other reserves	10	7	(42)
Retained earnings	1 527	1 370	1 299
Minority interest	589	531	514
Total equity	1 820	1 704	1 557
Non-current liabilities	299	234	130
Borrowings	109	116	13
Deferred income tax liabilities	178	100	94
Provisions for other liabilities and charges	12	18	23
Current liabilities	5 001	4 202	4 714
Trade and other payables	1 496	1 459	1 744
Derivative financial instruments	146	10	24
Income and other tax liabilities	20	12	8
Short-term borrowings	446	492	425
Land Bank borrowings to finance trade receivables	2 493	2 229	2 513
Liabilities directly associated with non-current assets classified as held-for-sale	—	3	—
Total liabilities	5 300	4 439	4 844
Total equity and liabilities	7 120	6 143	6 401
Net asset value per share attributable to equity shareholders (cents)	390	371	336

THIS ANNOUNCEMENT IS AVAILABLE ON SENS AND AFGRI'S WEBSITE AT:

www.afgri.co.za

AUDITED GROUP INCOME STATEMENT for the year ended 28 February (All amounts in R millions)

Note	Actual 2007	Restated 2006	Restated 2005
Continuing operations:			
Sales of goods and services	6 125	5 044	5 127
Interest on trade receivables financed by Land Bank	246	231	189
Interest earned on other trade receivables	65	58	42
Total revenue	6 436	5 333	5 358
Cost of sales	(4 743)	(3 944)	(4 025)
Gross profit	1 693	1 389	1 333
Other operating income	83	88	54
Selling and administrative expenses	(1 105)	(975)	(1 004)
Operating profit	671	502	383
Negative goodwill from business combinations	47	14	—
Finance costs	(306)	(268)	(254)
Share of profit/(loss) of associates	1	(1)	2
Profit before income tax	413	247	131
Income tax expense	(69)	(24)	(82)
Profit for the year from continuing operations	344	223	49
Discontinued operations:			
(Loss)/profit for the year from discontinued operations	(68)	(51)	113
Profit for the year	276	172	162
Profit for the year attributable to:			
Equity holders of the Company	190	129	149
Minority interest	79	43	13
-BEE partners	7	—	—
-Other outside shareholders' interest	72	—	—
Profit for the year	276	172	162
Weighted average number of shares in issue (m)	317,3	313,6	306,5
Earnings per share from continuing operations	76,3	53,0	13,2
(Loss)/earnings per share from discontinued operations	(16,4)	(11,8)	35,5
Earnings per share from all operations	59,9	41,2	48,7
Fully diluted earnings per share from continuing operations	70,9	50,2	12,2
Fully diluted (loss)/earnings per share from discontinued operations	(15,2)	(11,2)	32,9
Fully diluted earnings per share from all operations	55,7	39,0	45,1
Headline earnings per share from continuing operations	65,4	46,8	24,3
Headline (loss)/earnings per share from discontinued operations	(0,3)	(7,5)	26,4
Headline earnings per share from all operations	65,1	39,3	50,7
Fully diluted headline earnings per share from all operations	60,5	37,2	46,9

GROUP CASH FLOW STATEMENT for the year ended 28 February (All amounts in R millions)

	Actual 2007	Actual 2006
Operating activities		
Cash generated from operations (excluding changes in working capital)	564	493
Changes in working capital	333	(145)
Interest received	40	9
Finance costs	(310)	(287)
Income tax paid	(25)	(26)
Net cash generated from operating activities	602	44
Net cash utilised in investing activities	(210)	(217)
Net cash (utilised in)/generated from financing activities	(236)	30
Net increase/(decrease) in cash and cash equivalents	156	(143)
Cash and cash equivalents at beginning of year	(298)	(155)
Cash and cash equivalents at end of year	(142)	(298)
Cash collateral deposits	397	383
Cash and cash equivalents and cash collateral deposits	255	85

GROUP STATEMENT OF CHANGES IN EQUITY (All amounts in R millions)

	Share capital	Share premium	Fair value and other reserves	Retained earnings	Treasury shares	Incentive trust shares	Total share-holders equity	Minority interest	Other outside share-holders' interest	Total equity
Balance 28 February 2005	—	—	(42)	1 299	(1 551)	(59)	1 043	514	—	1 557
Profit for the year	—	—	—	129	—	—	129	43	—	172
Payment to minorities	—	—	—	—	—	—	—	(26)	—	(26)
Currency translation differences	—	—	42	—	—	—	42	—	—	42
Cash flow hedge revaluation differences	—	—	1	—	—	—	1	—	—	1
Share-based payments	—	—	6	—	—	—	6	—	—	6
Dividends paid	—	—	—	(58)	—	—	(58)	—	—	(58)
Issue of shares to share incentive trust	—	73	—	—	(73)	—	—	—	—	—
Net disposal of incentive shares	—	—	—	—	10	10	—	—	—	10
Balance 28 February 2006	—	73	7	1 370	(1 551)	(122)	1 173	531	—	1 704
Profit for the year	—	—	—	190	—	—	190	79	7	276
Payment to minorities	—	—	—	—	—	—	—	(47)	—	(47)
Currency translation differences	—	—	—	—	—	—	—	(4)	—	(4)
Capital distribution in lieu of dividend	—	—	(73)	—	—	—	(73)	—	—	(73)
Minority interest resulting from business combination	—	—	—	—	—	—	—	—	19	19
Dividends paid	—	—	—	(33)	—	—	(33)	—	—	(33)
Share-based payments	—	—	7	—	—	—	7	—	—	7
Net acquisition of incentive shares	—	—	—	—	(29)	(29)	—	—	—	(29)
Balance 28 February 2007	—	—	10	1 527	(1 551)	(151)	1 231	563	26	1 820
Retained earnings comprise										
- Distributable reserves	—	—	—	1 339	—	—	1 339	—	—	1 339
- Self-insurance reserve	—	—	—	188	—	—	188	—	—	188

BUSINESS SEGMENT RESULTS at 28 February (All amounts in R millions)

	Sales		Headline operating profit before finance cost		Finance cost		Headline operating profit after finance cost		Assets		Liabilities	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
AFGRI Services	4 669	3 908	458	387	(228)	(229)	230	158	5 328	4 556	4 072	3 199
Producer Services												
Primary inputs	1 133	925	28	(33)	(8)	(11)	20	(44)	266	148	150	74
Retail	2 646	2 172	25	(26)	(11)	(21)	14	(47)	930	933	526	372
Financial Services	657	517	291	242	(209)	(195)	82	47	3 820	3 154	3 358	2 699
Logistics Services	233	294	114	204	—	(12)	114	202	312	321	38	54
AFGRI Products	1 766	1 423	143	75	(10)	(6)	133	(6)	1 111	1 111	623	547
Foods	373	332	14	7	(3)	(1)	7	272	258	258	96	70
Protein	1 393	1 091	129									