Results not comparable to prior year due to extended reporting period arising from year end change

Loss from discontinued operations **R58 million** (prior year R78 million)

Headline earnings per share, including a R20 million tax benefit, up **18,7%** for the 16 months

Exit from non-core businesses

AFGRI

Reviewed preliminary consolidated financial results
for the sixteen months ended 30 June 2008 and special dividend declaration

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

Consolidated balance sheet *(R'millions)*

	Note	30 June 2008	28 February 2007
ASSETS			
Non-current assets		**1 804**	1 478
Property, plant and equipment	2	1 175	1 018
Goodwill	2	45	26
Other intangible assets	2	220	145
Investments in associates		3	7
Available for sale financial assets		37	—
Financial receivables		165	152
Deferred income tax assets		159	130
Current assets		**7 363**	5 642
Inventories		1 102	1 010
Biological assets		61	39
Trade and other receivables		904	896
Trade receivables financed by Land Bank	6	2 698	2 724
Trade receivables financed by other banks	6	965	—
Derivative financial instruments		274	176
Current income tax assets		65	95
Cash and cash equivalents and cash collateral deposits		1 294	702
Cash collateral deposits		554	397
Cash and cash equivalents		740	305
Non-current assets classified as held-for-sale		7	—
Total assets		**9 174**	7 120
EQUITY			
Capital and reserves attributable to equityholders		**1 379**	1 231
Share capital		—	—
Treasury shares		(155)	(155)
Incentive trust shares		(124)	(151)
Share premium		—	—
Fair value and other reserves		80	10
Retained earnings		1 578	1 527
Minority interest		**612**	589
Total equity		**1 991**	1 820
LIABILITIES			
Non-current liabilities		**322**	299
Borrowings		129	109
Deferred income tax liabilities		193	178
Provisions for other liabilities and charges		—	12
Current liabilities		**6 861**	5 001
Trade and other payables		2 015	1 680
Derivative financial instruments		75	146
Current income tax liabilities		10	20
Short-term borrowings		15	16
Call loans and bank overdrafts		1 083	446
Land Bank borrowings to finance trade receivables	6	2 698	2 693
Other bank borrowings to finance trade receivables	6	965	—
Total liabilities		**7 183**	5 300
Total equity and liabilities		**9 174**	7 120
Net asset value per share attributable to equityholders (cents)		**404**	361

Consolidated income statement *(R'millions)*

	Note	16-months ended 30 June 2008	Year ended 28 February 2007
Continuing operations			
Sales of goods and services		9 858	6 062
Interest on trade receivables financed by banks		587	246
Interest earned on other trade receivables		132	66
Total sales		10 577	6 374
Cost of sales		(8 109)	(4 697)
Gross profit		2 468	1 677
Other operating income		132	92
Other operating expenses		(1 577)	(1 088)
Operating profit		1 023	681
Negative goodwill from business combinations		1	47
Share of profits of associates		—	1
Finance costs	3	(645)	(302)
Profit before income tax		379	427
Income tax expense		(22)	(73)
Profit for the period from continuing operations		357	354
Discontinued operations			
Loss for the period from discontinued operations		(58)	(78)
Profit for the period		**299**	276
Profit for the period attributable to:			
Equityholders of the Company		221	190
Minority interest – BEE partners		74	79
– Other minorities		4	7
Profit for the period		**299**	276
Weighted average number of shares in issue (millions)		317,4	317,2
Diluted weighted average number of shares in issue (millions)		341,2	341,2
Earnings per share from continuing operations (cents)		82,9	78,5
Earnings per share from discontinued operations (cents)		(13,4)	(18,6)
Earnings per share from all operations (cents)		69,5	59,9
Diluted earnings per share from continuing operations (cents)		77,1	73,0
Diluted earnings per share from discontinued operations (cents)		(12,5)	(17,3)
Diluted earnings per share from all operations (cents)		64,6	55,7
Headline earnings per share from all operations (cents)	4	73,7	62,1
Diluted headline earnings per share from all operations (cents)		68,5	57,7

Consolidated cash flow statement *(R'millions)*

	16-months ended 30 June 2008	Year ended 28 February 2007
Operating activities		
Net profit before tax	340	338
Changes in working capital	(477)	333
Other non-cash flow items	1	(41)
Tax paid	(7)	(25)
Net cash (utilised in)/generated from operating activities	**(143)**	605
Net cash utilised in investing activities	(425)	(212)
Net cash generated from/(utilised in) financing activities	366	(236)
Net (decrease)/increase in cash and cash equivalents	**(202)**	157
Cash and cash equivalents at the beginning of year	(141)	(298)
Cash and cash equivalents at the end of the period	(343)	(141)
Cash collateral deposits	554	397
Cash and cash equivalents and cash collateral deposits	**211**	256

Consolidated statement of changes in equity *(R'millions)*

	Share capital	Share premium	Fair value and other reserves	Retained earnings	Treasury shares	Incentive trust share	BEE partners	Other minorities	Total
Balance 28 February 2006	—	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 minorities	—	—	—	—	—	—	(46)	—	(46)
Minorities with business combinations	—	—	—	—	—	—	—	18	18
Share-based payments	—	—	7	—	—	—	—	—	7
Balance 28 February 2007	—	—	10	1 527	(155)	(151)	564	25	1 820
Net profit	—	—	—	221	—	—	74	4	299
Payment to minorities	—	—	—	—	—	—	(44)	(11)	(55)
Currency translation differences	—	—	61	—	—	—	—	—	61
Share-based payments	—	—	9	—	—	—	—	—	9
Dividends paid	—	—	—	(170)	—	—	—	—	(170)
Disposal of incentive shares	—	—	—	—	—	27	—	—	27
Balance 30 June 2008	—	—	80	1 578	(155)	(124)	594	18	1 991

Commentary

The directors of AFGRI Limited ("AFGRI") present the reviewed preliminary condensed consolidated financial results of the AFGRI group of companies ("the Group") for the sixteen months ended 30 June 2008. Due to the change in the Group's financial year-end these results are for a 16-month reporting period and are therefore not directly comparable to the reported prior year results. Unless otherwise stated, comparative figures and percentage changes have been determined based on the published results of the Group for the year ended 28 February 2007. Shareholders are referred to the reviewed second interim results published on 7 May 2008 which show results directly comparable to the reported prior year figures.

The consolidated headline earnings for the 16-month period reflect a 18,7% increase compared to the year ended 28 February 2007. The impact of the drought conditions during the 2007 growing season, resulting in a small maize crop for the second year in a row, is reflected in the results for the 16 months. Low carry-in silo stock levels, a smaller 2007 summer grain crop and tighter interest margins impacted negatively on trading conditions for the Financial and Logistics Services businesses. This situation has begun to reverse: good seasonal rains and an anticipated record maize crop of approximately 12 million tons for the 2008 summer season have seen key indicators in the Group's core businesses begin to turn around.

During the final four months of AFGRI's extended financial reporting period, demand for inputs, credit and storage capacity have all shown significant increases resulting in performances better than anticipated in headline operating profits from both Financial and Logistics Services.

The performance of the Group's continuing operations during the four-month period ended 30 June 2008 has been most satisfactory.

To compensate shareholders for the change in year end, the Board approved a special dividend of 8,0 cents per share.

Operational review

Revenue

Sales from continuing operations increased by 65,9% compared to the year ended 28 February 2007. The main contributors to this increase were Products (92,7%) as a result of increased raw material prices and volumes, Financial Services (99,2%) due to increased interest rates and a larger debtors' book and Producer Services (51,1%) due to higher equipment and primary input sales.

Headline earnings

Headline earnings per share for the period under review were 73,7 cents, 18,7% higher than that achieved for the year ended 28 February 2007. Diluted headline earnings per share were 68,5 cents, also 18,7% higher than for the year ended 28 February 2007. As indicated in the interim results for 31 August 2007 and 29 February 2008, headline earnings include the recognition of a R20 million foreign deferred tax asset.

Segmental headline operating profit after dividends received and interest

Continuing operations

The Producer Services business was negatively impacted by stock write-offs in the Seed business. In total, this business unit reported a reduction in headline operating profits for the sixteen months of 11,1% when compared to the year ended 28 February 2007. However, within Producer Services, the retail business reported improved headline operating profits of 71,4%. This improvement was bolstered by improved results from Australia due to farmers anticipating an end of two years of drought. In South Africa a positive agricultural outlook and operational efficiencies contributed to this improvement.

In the Animal Feeds business increased selling prices and volumes, combined with effective procurement and operational efficiencies saw the Protein division improve headline operating profits over the prior year by 18,0%, despite significant margin pressure being experienced at the Group's poultry operation from increasing feed prices and market surpluses.

In a period of rising interest rates and tightening international credit markets the Financial Services business was positively impacted by increased demand for credit, high commodity prices and a turn around in the Africa business. This business grew its headline operating profits by 129,3%, 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 a second year of low maize production. As a result headline operating profit reduced by 36,3% compared to the prior year.

Discontinued operations

The Group either sold or discontinued several under-performing or non-core businesses during the reporting period. Also discontinued was the Group's farming activities. This programme to develop previously disadvantaged black farmers, through farming with local communities, was difficult to manage and over-extended. Whilst the Group remains committed to the development of black farmers, the structure of this programme will be revisited in the coming year in order to limit the Group's exposure to losses. In total, discontinued operations reported a loss of R58 million.

Net decrease in cash collateral deposits and cash and cash equivalents – R45 million (2007: R171 million increase)

In the period under review the Group's debtor financing business grew by 26,2%. AFGRI arranged new funding lines in excess of R1,7 billion to fund this growth. This is in line with the Group's strategy to diversify funding and reduce the cost of financing.

Cash utilised by the business during the period of R45 million is due to significant capital expenditure. The net cash position, after including cash collateral deposits, is a positive R211 million compared to R256 million at 28 February 2007.

Changes to the board of directors and executive management

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 retired from the Group on 31 May 2008, having reached AFGRI's mandatory retirement age. He was succeeded by Mr JA van der Schyff as Group Chief Financial Officer from 1 June 2008 and who was appointed as Financial Director to the Board with effect from 15 September 2008.

Mr JD Wright resigned with effect from 30 June 2008 and was replaced by Mr JH Mooney as interim Chief Executive Officer from 1 July 2008.

Prospects

Higher grain prices and the anticipated record maize crop will have a positive impact on the Logistics Services business. Continued good performances are expected from Financial and Producers Services and the Protein and Food businesses. The discontinuance or sale of certain smaller operations will allow an increased focus on the Group's core businesses.

By order of the Board

DD de Beer (Non-Executive Chairman) **JH Mooney** (Chief Executive Officer)

16 September 2008

Declaration of special dividend

Notice is hereby given that the directors of AFGRI have declared a special dividend of 8,0 cents per share for the period ended 30 June 2008. In accordance with settlement procedures of STRATE, the following dates will apply to the final dividend:

Last day to trade *cum* the dividend	Friday, 17 October 2008
Trading *ex* dividend commences	Monday, 20 October 2008
Record date	Friday, 24 October 2008
Dividend payment date	Monday, 27 October 2008

There will be no dematerialisation or rematerialisation of AFGRI shares between 20 October 2008 and 24 October 2008, both dates inclusive.

By order of the Board

SL Reynolds
Group Company Secretary

Johannesburg
16 September 2008

Directorate

Non-executive: DD de Beer, CA(SA), *Chairman*; CA Apsey, BSc, MBA; JJ Claassen, *Joint Vice-Chairman*; JJ Ferreira, BSc (Hons) (Civ Eng); JPR Mbau, Diploma in Banking and Business Management, *Joint Vice-Chairman*; MM Moloele, Diploma in Business Management; KL Thoka, B&Admin, Hons (B&A), MBA; FJ van der Merwe, LLB, MA **Executive:** MI Mogari (Dr), MBChB, BSc (Med)(Hons), CPFA, EDP, JA van der Schyff, BCom (Hons), CA(SA), Financial Director **Executive management:** JH Mooney, BCom, CA(SA), Chief Executive Officer

Business segment results *(R'millions)*

16-months ended 30 June 2008	**Sales**	**Headline operating profit before interest and dividends**	**Net interest and dividends**	**Headline operating profit after interest and dividends**	**Assets**	**Liabilities**
AFGRI Services	7 292	226	(28)	198	7 058	(5 771)
Producer Services	5 710	72	(40)	32	1 481	(889)
Primary inputs	1 694	27	(19)	8	364	(226)
Retail	4 016	45	(21)	24	1 117	(663)
Financial Services	1 309	80	14	94	5 232	(4 831)
Logistics Services	273	74	(2)	72	345	(51)
AFGRI Products	3 284	186	(16)	170	1 612	(798)
Foods	543	28	(2)	26	434	(168)
Protein	2 741	158	(14)	144	1 178	(630)
Other	1	—	1	1	544	(589)
Continuing operations	10 577	412	(43)	369	9 214	(7 158)
Discontinued operations	113	(38)	—	(38)	(40)	(25)
Consolidated	10 690	374	(43)	331	9 174	(7 183)

	Capital expenditure	**Depreciation**	**Amortisation**
AFGRI Services	119	35	13
Producer Services	73	21	11
Primary inputs	16	4	6
Retail	57	17	5
Financial Services	3	3	2
Logistics Services	43	11	—
AFGRI Products	174	50	12
Foods	11	7	—
Protein	163	43	12
Other	1	2	4
Continuing operations	294	87	29
Discontinued operations	2	2	—
Consolidated	296	89	29

Year ended 28 February 2007	Sales	Headline operating profit before interest and dividends	Net interest and dividends	Headline operating profit after interest and dividends	Assets	Liabilities
AFGRI Services	4 669	241	(20)	221	5 483	(4 243)
Producer Services	3 779	55	(19)	36	1 196	(676)
Primary inputs	1 133	30	(8)	22	266	(150)
Retail	2 646	25	(11)	14	930	(526)
Financial Services	657	73	(1)	72	3 975	(3 529)
Logistics Services	233	113	—	113	312	(38)
AFGRI Products	1 704	146	(9)	137	1 018	(487)
Foods	311	17	(2)	15	179	(36)
Protein	1 393	129	(7)	122	839	(451)
Other	1	—	—	—	521	(511)
Continuing operations	6 374	387	(29)	358	7 022	(5 241)
Discontinued operations	156	(17)	3	(14)	98	(59)
Consolidated	6 530	370	(26)	344	7 120	(5 300)

	Capital expenditure	Depreciation	Amortisation
AFGRI Services	95	24	5
Producer Services	88	10	4
Primary inputs	10	4	2
Retail	78	6	2
Financial Services	6	4	1
Logistics Services	1	10	—
AFGRI Products	41	33	6
Foods	9	5	—
Protein	32	28	6
Other	1	3	3
Continuing operations	137	60	14
Discontinued operations	—	—	—
Consolidated	137	60	14

Note A:
The pre-tax business segment results are presented after taking into account the pre-tax headline earnings adjustments before allocation of the minority (including BEE) share in profits. Operating profits after net interest and dividends are shown after the allocation of cost of capital based on each division's net assets.

Note B:
Although the interest paid to Land Bank and other banks for the financing of debtors is disclosed as finance cost in the income statement, it is disclosed as cost of sales in the business segment results and is deducted from headline operating profit before interest. The increase/decrease in Land Bank and other banks' interest paid relates directly to the interest received on the related debtors book and the net margin provides a better comparison of operating profit. The reconciliation of net interest and dividends per the business segment results and the finance cost per the income statement is as follows:

(R'millions)	**16-months ended 30 June 2008**	Year ended 28 February 2007
Finance cost per income statement – refer note 3	**(645)**	(302)
Land Bank interest disclosed as cost of sales in business segment results	**402**	199
Other banks' interest disclosed as cost of sales in business segment results	**81**	—
Finance cost excluding Land Bank and other banks' interest	**(162)**	(103)
Discontinued interest per the income statement	**(13)**	(9)
Dividend income and interest received – included in other operating income and other operating expenses	**132**	86
Net interest and dividends per business segment results	**(43)**	(26)

Note C:
The reconciliation of operating profit per the income statement with business segment headline operating profit before interest and dividends is as follows:

Operating profit per income statement	**1 023**	681
Negative goodwill from business combinations	**1**	47
Share of losses of associates	**—**	1
Discontinued loss before interest	**(58)**	(77)
Interest income and dividends disclosed as net interest – refer note B	**(132)**	(86)
Land Bank interest paid disclosed as cost of sales – refer note B	**(402)**	(199)
Other banks' interest paid disclosed as cost of sales – refer note B	**(81)**	—
Headline earnings adjustments before tax	**23**	3
Headline operating profit before interest and dividends per business segment results	**374**	370

Notes to the preliminary consolidated financial results

1. Basis of preparation and accounting policies
The preliminary consolidated financial results for the 16 months ended 30 June 2008 have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, the Listings Requirements of the JSE Limited and the South African Companies Act, on a basis consistent with that of prior period except for the adoption of IFRS 7 which has no impact on the results but will result in additional disclosure in the annual financial statements.

2. Property, plant and equipment and intangible assets *(R'millions)*

	Property, plant and equipment	**Intangible assets and goodwill**
Carrying value beginning of year	**1 018**	**171**
Additions	**296**	**103**
Disposals at book value	**(61)**	**2**
Foreign currency differences	**15**	**4**
Depreciation/amortisation	**(89)**	**(29)**
Purchase of subsidiaries	**12**	**14**
Net sale of subsidiary (including assets held for sale)	**(6)**	**—**
Impairment	**(10)**	**—**
Carrying value end of period	**1 175**	**265**

3. Finance costs *(R'millions)*

	16-months ended 30 June 2008	Year ended 28 February 2007
Interest paid on Land Bank borrowings used to finance debtors	**(402)**	(199)
Interest paid on other banks' borrowings used to finance debtors	**(81)**	—
Other interest paid to financial institutions	**(162)**	(103)
Finance cost – Continued operations (per income statement)	**(645)**	(302)
Finance cost – Discontinued operations	**(13)**	(9)
Finance cost – Total	**(658)**	(311)

4. Reconciliation of headline earnings per share *(cents)*

Earnings	**69,5**	59,9
Loss from discontinued operations	**3,2**	15,9
Impairment of assets	**2,2**	1,3
Negative goodwill	**(0,1)**	(10,9)
Profit on disposal of assets	**(1,1)**	(1,1)
Headline earnings previously reported	**73,7**	65,1
Impact of SAICA Circular 8/2007 – operating losses from discontinued operations	**—**	(3,0)
	73,7	62,1

5. Agency agreements
The Group manages agri debtors on behalf of third party financial institutions to the amount of R938 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 at 30 June 2008 is R4 440 million (2007: R1 622 million).

6. Financed trade receivables

6.1 Trade receivables financed by Land Bank *(R'millions)*
The only security for the liability is the trade receivables and the intention and practice are to settle the liability simultaneously with the realisation of the asset. The Group bears the risk of losses on these debtors.

	30 June 2008	28 February 2007
Assets – Trade receivables	**2 698**	2 724
Liability – Land Bank	**2 698**	2 693

6.2 Trade receivables financed by other banks *(R'millions)*
The opportunity to grow the debtor 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, R423 million of debtor specific and R542 million of general working capital facilities were negotiated with other banks. The Group bears 10% risk on the debtor specific facility. The Group is in the process of restructuring the facilities to reduce the cost of funding, the risk and the reliance on individual lenders.

Assets – Trade receivables	**965**	—
Liability – other banks	**965**	—

7. Corporate governance and JSE Limited (JSE) compliance
The principles of good corporate governance are adhered to. The Group complies with the JSE Listings Requirements regarding the contents of the preliminary condensed consolidated financial results.

8. Change in year-end
The Board of Directors resolved to change the year-end of the Group from 28 February to 30 June. This has aligned the Group's year-end with the major (summer) grain season. The necessary approvals were obtained to move the current year-end from 29 February to 30 June 2008.
This final report is for the sixteen months ended 30 June 2008, being the new financial year-end. As such the prior period figures, being for the year ended 28 February 2007 are not comparable.

9. Going concern
The Board of Directors is satisfied that, after taking into account the current bank facilities, its utilisation thereof and the budgeted profit for the year ending 30 June 2009, the working capital available to AFGRI will be sufficient to meet its requirements for the next 12 months.

10. Business combinations
On 1 April 2007 the Group acquired the remaining 50% that it did not own of two companies in the Daybreak group, Daybreak Superior Marketing (Pty) Ltd and Superior Foods (Pty) Ltd, for a purchase consideration of R5 million. The assessment of the impact of IFRS 3 resulted in an increase in the fair value of the debtor relations list of R3 million and a fair value of a favourable marketing contract of R4 million.
AFGRI acquired the remaining 50% of the issued share capital of AFGRI ECAC (Pty) Ltd for R8 million on 1 September 2007. The assessment of the impact of IFRS 3 resulted in no further intangible assets with no impact on goodwill.
The insurance broking business of Mallac Hearle was acquired by the Group on 1 June 2008 for a consideration of R14 million. The entire purchase price has been recorded as goodwill at the year-end. The Group will revisit the assumptions and the impact of IFRS 3 in the forthcoming year.

11. Audit opinion
The preliminary condensed consolidated financial results for the 16 months ended 30 June 2008 have been 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 Company's registered office.
The audited annual financial statements are expected to be distributed to shareholders on 30 September 2008.

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, BA, LLB, PO Box 3559, Cramerview, 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, Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabo Bank **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

This announcement is available on sens and AFGRI's website at

www.afgri.co.za

BASTION GRAPHICS