



AFGRI

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

↑ Large maize crop contributes to improved results from AFGRI's grain storage business

↑ 17% improvement in AFGRI Foods' results following 2009 expansion

↑ AFGRI Financial Services returns to profitability

Committed to the ONE AFGRI philosophy

↑ 6% increase in headline earnings per share

↑ 32% improvement in Group profit

↑ Non-core assets disposed of and further investment in foods sector

↑ R690 million net cash at 30 June 2010

Audited condensed consolidated financial results for the year ended 30 June 2010 and cash dividend declaration

Group balance sheet (R'millions)

	Note	30 June 2010	30 June 2009
ASSETS			
Non-current assets			
Property, plant and equipment	2	1 394	1 346
Goodwill		37	38
Other intangible assets	2	241	237
Investments in associates		36	36
Other financial assets		52	41
Financial receivables		204	266
Deferred income tax assets		116	157
Current assets		6 375	7 547
Inventories		900	1 023
Biological assets		57	53
Trade and other receivables		545	483
Trade receivables financed by banks	6	3 898	5 015
Derivative financial instruments		50	108
Income tax assets		28	21
Cash and cash equivalents and cash collateral deposits		897	844
Cash collateral deposits		422	597
Cash and cash equivalents		475	247
Assets of disposal groups classified as held for sale		23	157
Total assets		8 478	9 825
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders			
Share capital		1 602	1 487
Treasury shares		(90)	(90)
Incentive trust shares		(171)	(192)
Fair value and other reserves		43	47
Retained earnings		1 820	1 722
Minority interests		683	646
Total equity		2 285	2 133
Non-current liabilities			
Borrowings		173	128
Deferred income tax liabilities		174	201
Current liabilities		5 846	7 318
Trade and other payables		1 564	1 797
Derivative financial instruments		73	89
Income tax liabilities		2	6
Short-term borrowings		105	59
Call loans and bank overdrafts		207	363
Bank borrowings to finance trade receivables	6	3 895	5 004
Liabilities of disposal groups classified as held for sale		–	45
Total liabilities		6 193	7 692
Total equity and liabilities		8 478	9 825
Net asset value per share attributable to equity holders (cents)		451	430

Group income statement (R'millions)

	Note	Year ended 30 June 2010	Year ended 30 June 2009
Continuing operations			
Sales of goods and services		6 876	7 438
Interest on trade receivables		383	579
Total revenue		7 259	8 017
Cost of sales		(5 060)	(5 260)
Gross profit		2 199	2 757
Other operating income		79	116
Selling and administration expenses		(1 369)	(1 247)
Operating profit		909	1 129
Finance costs	3	(456)	(666)
Share of profit of associates		–	33
Profit before income tax		453	496
Income tax expense		(61)	(92)
Profit for the year from continuing operations		392	404
Discontinued operations			
Profit/(loss) for the year from discontinued operations		75	(50)
Profit for the year		467	354
Profit for the year attributable to:			
Equity holders of the Company		305	233
Minority interest – Agri Sizwe partners		129	110
– Other minorities		33	11
Profit for the year		467	354
Weighted average number of shares in issue (million)		321,7	320,7
Diluted weighted average number of shares in issue (million)		354,8	346,1
Earnings per share from continuing operations (cents)		77,7	84,0
Earnings/(losses) per share from discontinued operations (cents)		17,0	(11,3)
Earnings per share from all operations (cents)		94,7	72,7
Diluted earnings per share from continuing operations (cents)		70,5	77,9
Diluted earnings/(losses) per share from discontinued operations (cents)		15,2	(10,6)
Diluted earnings per share from all operations (cents)		85,9	67,3

Group statement of comprehensive income (R'millions)

	Year ended 30 June 2010	Year ended 30 June 2009
Profit for the year	467	354
Other comprehensive income		
Exchange differences on translating foreign operations	3	(53)
Cash flow hedges	(16)	12
Income tax relating to components of other comprehensive income	–	–
Other comprehensive (loss)/income for the period, net of tax	(13)	(41)
Total comprehensive income for the year	454	313
Total comprehensive income attributable to:		
Equity holders of the Company	292	192
Minority interest – Agri Sizwe partners	129	110
– Other minorities	33	11
Total comprehensive income	454	313

Group statement of changes in equity (R'millions)

	Share capital	Fair value and other reserves	Retained earnings	Treasury shares	Incentive trust shares	Total shareholders' equity	Agri Sizwe partners	Other minorities	Total
Balance 30 June 2008 (audited)	–	80	1 578	(155)	(124)	1 379	594	18	1 991
Total comprehensive income	–	(41)	233	–	–	192	110	11	313
Purchase of incentive shares	–	–	–	(3)	–	(3)	–	–	(3)
Dividends paid	–	–	(89)	–	–	(89)	–	–	(89)
Payment to minorities	–	–	–	–	–	–	(85)	(2)	(87)
Transfer of Group shares	–	–	–	65	(65)	–	–	–	–
Share based payments	–	8	–	–	–	8	–	–	8
Balance 30 June 2009 (audited)	–	47	1 722	(90)	(192)	1 487	619	27	2 133
Total comprehensive income	–	(13)	305	–	–	292	129	33	454
Disposal of incentive shares	–	–	–	21	(21)	–	–	–	–
Dividends paid	–	–	(133)	–	–	(133)	–	–	(133)
Payment to minorities	–	–	–	–	–	–	(78)	(11)	(89)
Share based payments	–	9	–	–	–	9	–	–	9
Transaction with minorities	–	–	(74)	–	–	(74)	–	(36)	(110)
Balance 30 June 2010	–	43	1 820	(90)	(171)	1 602	670	13	2 285

Business segment results (R'millions)

	AFGRI Financial Services				AFGRI Agri-Services				AFGRI Foods and Other				Totals														
	Capital		Broking		Retail and Equipment		Logistic Services		Foods		AFGRI Foods and Other		Other		Totals												
	2010	2009	2010	2009	Primary inputs	Retail	Logistics	Trading	Animal Protein	Oil and Protein	Corporate	Group eliminations	Continuing operations	Discontinued operations	All operations												
Revenue	693	839	19	9	420	659	2 652	2 983	469	431	102	157	2 627	2 582	544	501	1	3	(268)	(147)	6 876	7 438	1 041	1 219	7 917	8 657	
– sale of goods and services	310	260	19	9	420	659	2 652	2 983	469	431	102	157	2 627	2 582	544	501	1	3	(268)	(147)	6 876	7 438	1 041	1 219	7 917	8 657	
– interest	383	579	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operating profit/(loss) (before the items below)	324	456	8	6	15	14	149	173	238	207	(6)	28	301	278	42	30	(105)	(130)	–	–	966	1 062	125	95	1 091	1 157	
– other operating income	60	81	–	–	–	–	–	–	–	–	–	–	–	–	–	–	19	35	–	–	79	116	2	3	81	119	
– pension fund surplus	(29)	(12)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(11)	(10)	–	–	(136)	(108)	(6)	(10)	(142)	(118)	
– depreciation and amortisation	(24)	(33)	–	–	(7)	(9)	(17)	(24)	(25)	(32)	(7)	(9)	(16)	(51)	(7)	(6)	105	143	–	–	–	–	–	–	–	–	
– allocation of Corporate costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operating profit/(loss)	331	492	5	1	8	5	121	135	197	160	(17)	19	227	205	29	15	8	97	–	–	909	1 129	121	88	1 030	1 217	
Other items of profit and loss	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– fair value adjustment to disposal group assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– share of profit/(loss) of associates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit/(loss) before finance costs	331	492	5	1	8	5	121	167	197	161	(17)	19	227	205	29	15	8	97	–	–	909	1 162	121	41	1 030	1 203	
Finance costs	(314)	(512)	2	–	(1)	(1)	(42)	(42)	(13)	(23)	(17)	(4)	(56)	(51)	(4)	(1)	(11)	(32)	–	–	(405)	(666)	(33)	(84)	(489)	(750)	
Profit/(loss) before income tax	17	(20)	7	1	7	4	79	125	184	138	(34)	15	171	154	25	14	(3)	65	–	–	453	496	88	(43)	541	453	
Income tax	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit after tax	17	(20)	7	1	7	4	79	125	184	138	(34)	15	171	154	25	14	(3)	65	–	–	453	496	88	(43)	541	453	
Assets	4 018	5 333	1	1	148	255	1 395	1 557	461	390	550	796	1 523	1 430	150	253	736	549	(504)	(739)	8 478	9 825	75	(7)	8 478	9 825	
Non-current assets	215	328	–	–	1	57	216	285	365	322	80	39	882	812	77	104	259	174	(15)	–	2 080	2 121	–	–	2 080	2 121	
Current assets	44	91	–	–	79	123	731	945	44	9	103	172	240	264	26	67	49	104	(258)	(413)	1 058	1 362	–	–	1 058	1 362	
Trade and other receivables	3 322	4 338	–	–	53	59	436	304	52	59	294	527	395	347	46	78	76	112	(231)	(326)	4 443	5 498	–	–	4 443	5 498	
Cash and cash equivalents	437	576	1	1	15	16	12	23	–	–	73	58	6	7	1	4	352	159	–	–	897	844	–	–	897	844	
Liabilities	3 274	4 628	1	–	85	146	729	890	73	54	481	487	675	662	77	122	1 276	1 402	(478)	(699)	6 193	7 692	–	–	6 193	7 692	
Non-current liabilities	13	114	–	–	1	4	2	5	20	–	–	–	253	141	7	9	66	56	(15)	–	347	329	–	–	347	329	
Current liabilities	319	400	1	–	84	142	727	885	53	54	481	487	422	521	70	113	50	93	(463)	(699)	1 744	1 996	–	–	1 744	1 996	
Borrowings to finance trade receivables	2 937	4 114	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Call loans and overdrafts	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital expenditure	30	168	–	–	6	14	27	38	57	26	3	3	146	212	21	4	67	10	–	–	357	475	–	–	357	475	

AFGRI Financial Services contains the Group's lending operation (Capital) and commodity broking activities. Included in the capital operating unit is the Group's Treasury function and its Insurance Broking service unit.

AFGRI Retail and Equipment consists of the following units: Primary inputs and Logistic Services. The Retail unit includes FarmCity and Australia. Together AFGRI Logistic Services and AFGRI Retail and Equipment represent AFGRI Agri-Services.

AFGRI Logistic Services includes both the Handling and Storage and Logistic Services divisions. The trading operation matches physical supply and demand of grain commodities in a fully hedged environment.

AFGRI Foods includes Animal Protein, consisting of the Animal Feed and Poultry operating units. The Oil and Protein division produces vegetable oil for human consumption and associated by-products.

The Corporate office houses certain of the Group's financing structures, CSI, compliance and internal audit functions, treasury and incentive shares, and incubates new projects. Corporate costs are allocated to the divisions where appropriate.

Administration
Business address and registered office: 1st Floor AFGRI Building, 267 West Street, Centurion Fax (012) 643 1768 Tel: (012) 643 8000 Company Secretary: Ms N van Wyk, PO Box 11054, Centurion, 0046 Bankers: ABSA Bank Limited, Co-operative Centrale Raiffeisen-Boerenbank B.A. trading as Rabo Bank, FirstRand Bank Limited, Hong Kong and Shanghai Banking Corporation, Investec Bank Limited, Land and Agricultural Development Bank of SA Limited, Nedcor Limited, Standard Bank of SA Limited, Standard Chartered Bank Auditors: PricewaterhouseCoopers Inc., 32 Ida Street, Menlo Park, 0102 Transfer Secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 Tel: (011) 370 5000 Sponsors: Investec Bank Limited, 100 Grayston Drive, Sandton, 2196, PO Box 785700, Sandton, 2146

Directorate
Non-executive: JPR Mbau (Chairman), DD Barber, DD de Beer, L de Beer, JJ Claassen, JJ Ferreira, L Koyana, MM Moleole, KL Thoka, FI van der Merwe
Executive: CP Venter (Chief Executive Officer), JA van der Schyff (Financial Director), MI Mogari (D) Deputy Managing Director, AFGRI Animal Feeds

Commentary

The directors of AFGRI Limited ("AFGRI") are pleased to present the audited condensed consolidated financial results of the AFGRI group of companies ("the Group") for the year ended 30 June 2010. The consolidated profit for the year reflects a 32% improvement over the previous financial year.

The third successive year of favourable agricultural conditions has contributed to a significantly improved performance from the Group. Almost as important as the results, is the progress made in implementing the One AFGRI strategy and philosophy. The disposal of five non-core business units (Seed, Tsunami, the Lowveld and Natal region's retail stores, and the Western Cape debtors' book) represents real progress towards aligning the Group with the grain value chain in high production areas. The Group is committed to growing its investment in the foods sector and, after expanding the Daybreak Farms operation in 2009, has now acquired the remaining minority interest in Midway Chix. Subsequent to year-end, AFGRI acquired the processing, and marketing elements of Rossagro, a poultry operation situated close to the existing operations in Sunda.

Operational Review (Revenue and profit before income tax)

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