

## **KAAP AGRI AIMS AT STABILITY**

Kaap Agri's results for the six months ending March, has just been released. According to James Matthee, Director: Finance, the lower prices of commodities will have a significant effect on the hectares wheat being planted. Other producers are also holding back on the development or replacement of orchards.

Kaap Agri's turnover increased by 5%, - mainly due to new acquisitions. As expected, these acquisitions, have not yet realised their potential contribution to the results, and the profit from the own operations is 26% lower than the corresponding period.

Pioneer Foods, in which Kaap Agri has a 32% interest, performed outstandingly on operational level with an increase in profit of 66%. A provision for a possible administrative fine of R350 million, for contravening the Competitions Act, lead to the profit being 48% lower than the corresponding period.

Kaap Agri's total profit, including Pioneer Foods on an equity base, decreased by 39% to R104,8 million. If the effect of the fine, previously referred to, were not taken into account, the group's normalised income would have been 26% higher than the corresponding period.

Due to uncertainties over the issues surrounding the Competitions Act, Pioneer decided not to pay out an interim dividend. However, Kaap Agri decided to pay a dividend of 2c from its own activities. The last trading date to qualify for the dividend, is 31 May 2010, and the dividend will be paid round about 17 June 2010.

Kaap Agri established 11 new Agrimark - and Pakmark stores mainly in Namibia and Limpopo. Notwithstanding the current economic climate, Kaap Agri will continue to look for growth opportunities.

Matthee expects that the profit for the second half of the year will at least be equal to that of the previous financial year. The profit for the full year will still be lower than the previous year, but hopefully not to the extent of the first six months.