

# Country Foods Limited

## Media Release

### **Country Foods results in line with listing forecasts**

#### **AltX listed specialist in niche food brands and mushrooms sees strong export growth**

*Monday, 10 December 2007:* AltX-listed Country Foods, which operates in the niche, high quality value-added food and beverage product markets, today announced its annual results for the year ended 30 September 2007, reporting a 327% increase in revenue to R171 million. Net tangible asset value per share increased 63% to 57,9 cents.

Headline earnings increased 256% from the previous period to R11,4 million, and headline earnings per share increased 176% to 12,4 cents.

The group specialises in the cultivation, processing and packaging of mushrooms as well as the manufacturing and packaging of beverages such as fruit juices and water and distributes various products such as chocolate, deli products including oils, pastas, olives and nuts, pastries, oysters, fruit juices and frozen and canned vegetables.

CEO Robi Casaletti says that 2007 was a pleasing and eventful year that sets the group up for continued growth and expansion. "Through our subsidiaries, Edulis, Country Mushrooms, and Fruitime Fruit Juices, results for the current reporting period are substantially in line with group forecasts, as set out in the prelisting prospectus. Demand for the group's products was positive in the South African market but exports were exceptionally strong. We did see a slight drop in earnings before interest, tax, depreciation and amortisation margins, from 20,5% to 18,6%, due to the consolidation of Country Mushrooms and Fruitime Fruit Juices, operations which produce traditionally lower margins than Edulis."

The local distribution division acquired the sole distribution rights of international food brands such as Greci, Ferrarelle, Antonio Amato and Colavita and is now able to offer customers a more comprehensive basket of products alongside maximising efficiency and lowering overall costs of distribution.

Casaletti says the continued acquisition of exclusive distribution and licensing rights of international and local brands and the ownership and management of such rights is an ongoing process and forms an important part of the growth strategy of Country Foods.

On the cost side of operations, Casaletti says that an approach of shared infrastructure and services among the operating subsidiaries of the group has begun to produce expected cost reductions and increase in efficiencies.

Casaletti says the group will continue its expansion drive into the 2008 financial year. "We recently established offshore subsidiaries in Tunisia and our Moroccan operation commenced trading in October 2007. Our USA subsidiary, Forest Products

International LLC, makes progress in market penetration and will begin distribution of additional products on the East Coast of the USA.

The second quarter of the 2008 reporting period will see benefits from alternative production in the Midlands mushroom processing facility and increased product and brand offerings across all divisions will have a positive impact on group revenue. Management will continue to actively seek out new and exclusive distribution rights and acquisitions that complement the current growth strategy.”

No dividend was declared and the company will reconsider its policy once the group has achieved mature growth. Initially, all earnings generated will be utilised to fund future growth and acquisitions.

Country Foods listed on AltX on 3 October, after a private placement of R30 million.  
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