



News Release issued on 5th November 2009

Cargills posts impressive 1st half Net Profit of Rs 301 million: 15% growth over same period last year

- Cargills registers impressive 1st half Net Profit of Rs 301 million.
- The Group continues to be the lead player in the Retail and FMCG sector and sees tremendous potential in the new opportunities created with the cessation of conflict.
- First half yearly profits exceed previous half year profit by 15%.
- Key Brands Cargills Food City, Cargills Magic, Cargills Kits and KFC lead category growth whilst expanding their businesses.

Cargills (Ceylon) PLC (CCP) registers excellent 1st half results for the period ended 30th September 2009. In the first six months of the previous year, CCP accounted for a one-off income of Rs 73 Mn arising from the disposal of its quoted investments. Excluding this one-off income, the growth in operating profits is an impressive 60%. This growth which is a business growth in real terms is highly commendable as it was achieved in a period where inflationary pressures remained under check. The Group has been successful in containing costs across the board and this too has contributed to profit growth. The second half of the financial year has the added advantage of seasonal benefits and the Group is confident of outperforming the first half year results in the ensuing period.

The Company's brands Cargills Food City, Cargills Magic, Cargills Kist and KFC have achieved significant growth in their market shares achieving number 1 positions in their categories. Sales of Cargills Magic exceeded one million litres in the month of September 2009 and this trend is set to continue with the Magic brand now cementing market

leadership. The contribution of the restaurant sector to Group profits is on the increase with KFC establishing itself as one of the most patronized quick-service restaurants in the country.

The Group will continue to exceed consumer and community expectation in all sectors it operates while seeking to achieve international benchmarks in terms of return on investment. The Group's focus remains on improving its supply-chain efficiencies and elimination of waste. The Group is also conscious of its responsibilities in delivering 'Real Value' to all stakeholders through employment generation, development of professionals, empowerment of entrepreneurs and farmers as well as its strong focus on environmental sustainability.

In an extremely promising economic environment the Group has identified new investment opportunities in expanding its retail chain and manufacturing facilities. Within the course of this financial year the Group plans to invest Rs 1 billion in a rapid expansion drive which would include new product lines as well as expanding capacity and increasing distribution of FMCG brands. These investments would further consolidate leadership growth and contribute towards Groups efforts to bridge regional disparity.

The Company also reports the declaration of an interim dividend payout of 30 Cents per share on 4th November 2009 (Rs 67.2 million) which is the highest ever interim dividend declared to date. The Company now strives to maintain an attractive dividend payout ensuring sustainable value for its shareholders.