

The Rice Company of Fiji Limited – 6 months ended 31 December 2008

	Dec-08	Jun-08	Dec-07
PROFIT & LOSS (F\$000)			
Total Operating Revenue	12,047	19,727	9,220
Net Profit/Loss before Tax	1,072	3,138	1,686
Income Tax	(330)	(974)	(65)
Net Profit/Loss after Tax	742	2,164	1,621
BALANCE SHEET (F\$000)			
Current Assets	7,911	5,611	4,901
Non - Current Assets	59	3,059	3,056
Total Assets	7,970	8,670	7,957
Current Liabilities	1,035	2,477	1,287
Non - Current Liabilities	0	0	0
Total Liabilities	1,035	2,477	1,287
Net Assets	6,935	6,193	6,670
Contributed Equity	3,000	3,000	3,000
Reserves	0	0	0
Retained Profits/Loss	3,935	3,193	3,670
Outside Equity Interest	0	0	0
Total Equity	6,935	6,193	6,670
CASHFLOW (F\$000)			
Net cashflow from Operating Activities	(2,925)	4,052	7
Net cashflow from Investing Activities	0	(3,000)	0
Net cashflow from Financing Activities	3,000	(1,016)	1,243
Net Increase/(Decrease) in Cash held	75	36	7
Cash / (Overdraft) at year end.	272	197	168

Comments

- The Company recorded a 54.2% reduction in net profit after tax from \$1.62m in December 2007, despite a 30.2% growth in sales revenue. Higher expenses were noted due to sudden appreciation of the USD and income tax expense which increased by 408%. The reduction of import duty on white rice from 15% to 0% also affected the company's gross margin.

- Retained Earnings increased by 7.2% to \$3.93m.
- Total Assets slightly expanded due to increase in cash assets, trade receivables, other receivables, inventory and future income tax benefit.
- The related company loan of \$3m in the same period in 2007 reduced to zero in this period. The higher Retained Earnings led to about 4% increase in the Shareholder's Equity.
- Overall, the cash balance has improved from the corresponding six months.

	Dec-08	Jun-08	Dec-07
PROFITABILITY RATIOS (%)			
Ann. ROE	21.40	34.95	24.30
Ann. ROA	26.92	36.30	21.61
Net Profit Margin	6.19	10.97	17.62
MARKET PERFORMANCE RATIOS			
Earnings per share (cents)	12.37	36.07	27.02
Price Earnings Ratio (times)	24.26	6.79	9.25
Dividend per share (\$)	0.00	0.17	0.00
Dividend Yield (%)	0.00	6.94	0.00
Net Tangible Asset per share (\$)	1.16	1.03	1.11
Price to Book (times)	2.60	2.37	2.25
Cash flow per share (cents)	(35.97)	80.49	7.73

Profitability

The annualized return on equity and assets both decreased as the company recorded lower profit in the review period. Similarly, net profit margin dropped.

Market Performance

The earnings per share (EPS) stood at 12.37 cents per share, a fall from December 2007 due to the considerable fall in the reported earnings. The price earnings ratio (PER) was 24.26 times.

Conclusion

Even though RCF experienced a sharp decline in its reported profits due external factors increasing their expenses, the Company performed quite well overall. The share price rose to \$3.00 in December 2008 from \$2.50 a year ago. The cash flow situation improved and the company had no financial debts.