

LIMURU TEA PLC

(formerly THE LIMURU TEA COMPANY LIMITED)

P. O. BOX 20-20200,
Kericho, Kenya
Telephone: 0722307394/5

22nd March 2019,

Chief Executive Officer,
Nairobi Securities Exchange,
The Exchange, 55 Westlands Road,
Nairobi

Email to: announcements@nse.co.ke; regulatoryaffairs@nse.co.ke

Dear Sir,

RE:ANNOUNCEMENT OF RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2018

At their Board Meeting held on 22nd March 2019, the Directors of Limuru Tea Plc. approved the Financial Results for the year ended 31st December 2018. Please find enclosed a statement of the Financial Results as approved.

The Board of Directors will be recommending a dividend of Kshs 1.00/- per ordinary share for the year ended 31st December 2018.

The records date for qualification of the dividend is the 12th April 2019 and the register of members shall remain closed on 12th April 2019 for the purposes of preparing dividend warrants.

The final dividend shall be paid on or about 28th May 2019.

Yours faithfully,
for Limuru Tea Plc.



Alison I.N. Kariuki
COMPANY SECRETARY

Encl.

LIMURU TEA PLC

P. O. BOX 42011, Nairobi 00100, Kenya
Telephone: Nairobi 532520

ANNOUNCEMENT OF RESULTS FOR THE TWELVE MONTHS ENDED 31st DECEMBER 2018

The Board of Directors is pleased to announce the Company's results for the year ended 31st December 2018. The figures have been extracted from the Company's audited financial statements, which have received an unqualified audit opinion.

STATEMENT OF FINANCIAL POSITION		
	2018	2017
	KShs'000	KShs'000
EQUITY		
Share capital	24,000	24,000
Retained earnings	166,726	163,778
Proposed dividend	2,400	-
Total equity	193,126	187,778
Non-current liabilities		
Deferred income tax liability	11,496	12,183
Post-employment benefit obligations	18,083	22,609
	29,579	34,792
	222,705	222,570
REPRESENTED BY:		
Non-current assets		
Biological assets – fuel trees	2,820	3,638
Property and equipment	105,914	118,094
	108,734	121,732
Current assets		
Biological asset - green leaf	3,656	1,375
Current income tax recoverable	11,546	13,214
Receivables and prepayments	137,682	117,766
Cash and cash equivalents	6,637	7,922
	159,521	140,277
Current liabilities		
Payables and accrued expenses	45,550	39,439
	45,550	39,439
Net current assets	113,971	100,838
	222,705	222,570

LIMURU TEA PLC

P. O. BOX 42011, Nairobi 00100, Kenya

Telephone: Nairobi 532520

CONDENSED STATEMENT OF CASH FLOWS		
	2018 KShs'000	2017 KShs'000
Net cash from operating activities	2,291	11,732
Net cash used in investing activities	(3,576)	(11,219)
(Decrease)/increase in cash and cash equivalents	(1,285)	513
Movement in cash and cash equivalents		
At start of year	7,922	7,409
(Decrease)/increase in the year	(1,285)	513
At 31 December	6,637	7,922

CONDENSED STATEMENT OF COMPREHENSIVE INCOME		
	2018 KShs'000	2017 KShs'000
Turnover	108,768	80,370
(Profit)/(Loss) before income tax	3,696	(31,565)
Income tax (expense)/ Credit	(1,148)	9,431
Profit/(Loss) attributable to the shareholders	2,548	(22,134)

	2018	2017
Authorized, Issued and fully paid shares of KShs 10 each	2,400,000	2,400,000
Earnings per share (Kshs)	1.1	(9.2)
Total Dividends per share (Kshs)	1.0	-

LIMURU TEA PLC

P. O. BOX 42011, Nairobi 00100, Kenya

Telephone: Nairobi 532520

CONDENSED STATEMENT OF CHANGES IN EQUITY				
	Share Capital KShs'000	Retained Earnings & reserves KShs'000	Proposed Dividend KShs'000	Total KShs'000
Balance at 1 January 2017	24,000	181,712	-	205,712
Loss for 2017	-	(22,134)	-	(22,134)
Charge to other comprehensive income (Actuarial gain net of tax)	-	4,200	-	4,200
Balance as at 31 December 2017	24,000	163,778	-	187,778
Balance at 1 January 2018	24,000	163,778	-	187,778
Profit for 2018	-	2,548	-	2,548
Charge to other comprehensive income (Actuarial gain net of tax)	-	2,800	-	2,800
Dividends				
Proposed Dividend 2018	-	(2,400)	2,400	-
Balance as at 31 December 2018	24,000	166,726	2,400	193,126

The above extract is based on the financial statements of Limuru Tea PLC for the year ended 31 December 2018 as audited by KPMG Kenya upon which they issued an unqualified opinion and raised a Key Audit Matter relating to the assumptions and judgements used by the directors in the valuation of biological assets – determining fair values and fair value changes in biological assets held by the Company.

LIMURU TEA PLC

P. O. BOX 42011, Nairobi 00100, Kenya
Telephone: Nairobi 532520

COMMENTARY

Performance

In 2018, the Company produced 3,081,340 kilograms of green leaf, which in turn was manufactured into 678,969 kilograms of black tea. This was a 51% increase in green leaf volume from 2017 and is attributed to average weather in the year 2018 and the yield improvement arising from the strategic investments done in the recent years.

The Turnover increased by 35% to Kshs. 109 million in 2018 from Kshs. 80 million in 2017. This was driven by the significant growth in sales volumes. The realised effective market price was lower in 2018 compared to the previous year offsetting the Turnover growth by 10%.

The Company posted a pre-tax profit of Kshs. 3.7 million in the year ended 31st December 2018 compared to a Kshs. 31.6 million pre-tax loss in the prior year. The improved profitability resulted from the growth in Turnover and continued cost saving initiatives being undertaken by the management.

Dividend

The Directors recommend a payment of a dividend of Ksh. 1.00/- per ordinary share for the year ended 31st December 2018, payable net of withholding tax on or about 28th May 2019, to shareholders on the register at the close of business on 12th April 2019. (2017: Nil).

Prospects

The 1st quarter of the year 2019 has witnessed a drop in the Tea auction prices. The volumes may be impacted by prevailing weather conditions.

The management will continue with strategic initiatives to ensure any risks are mitigated in its continued focus to grow the business.



Dr. Richard Korir
Chairman
22nd March 2019