

# LIMURU TEA PLC

P. O. BOX 42011, Nairobi 00100, Kenya

## ANNOUNCEMENT OF RESULTS FOR THE TWELVE MONTHS ENDED 31<sup>st</sup> DECEMBER 2018

The Board of Directors is pleased to announce the Company's results for the year ended 31<sup>st</sup> 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
<b>EQUITY</b>		
Share capital	24,000	24,000
Retained earnings	166,726	163,778
Proposed dividend	2,400	-
<b>Total equity</b>	<b>193,126</b>	<b>187,778</b>
<b>Non-current liabilities</b>		
Deferred income tax liability	11,496	12,183
Post-employment benefit obligations	18,083	22,609
	<b>29,579</b>	<b>34,792</b>
	<b>222,705</b>	<b>222,570</b>
<b>REPRESENTED BY:</b>		
<b>Non-current assets</b>		
Biological assets – fuel trees	2,820	3,638
Property and equipment	105,914	118,094
	<b>108,734</b>	<b>121,732</b>
<b>Current assets</b>		
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
	<b>159,521</b>	<b>140,277</b>
<b>Current liabilities</b>		
Payables and accrued expenses	45,550	39,439
	<b>45,550</b>	<b>39,439</b>
<b>Net current assets</b>	<b>113,971</b>	<b>100,838</b>
	<b>222,705</b>	<b>222,570</b>

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME		
	2018	2017
	KShs'000	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	<b>2,548</b>	<b>(22,134)</b>

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

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

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.

### 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 31<sup>st</sup> 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 31<sup>st</sup> December 2018, payable net of withholding tax on or about 3<sup>rd</sup> June 2019, to shareholders on the register at the close of business on 12<sup>th</sup> April 2019. (2017: Nil).

#### Prospects

The 1<sup>st</sup> 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**

**22<sup>nd</sup> March 2019**