

WILLIAMSON TEA KENYA LIMITED
UNAUDITED RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30.09.2016	30.09.2015
	Kshs'000	Kshs'000
Turnover	1,731,368	1,529,611
(Loss)/profit from operations before biological assets valuation	(96,276)	207,536
(Decrease)/increase in fair value of biological assets	(200,478)	159,216
Finance (costs)/ income	(28,438)	120,312
Share of results of associated Companies	(50,685)	56,748
(Loss)/profit before taxation	(375,877)	543,812
Tax credit/(charge)	112,763	(163,144)
	(263,114)	380,668
Attributable to:		
Equity Holders of the parent	(231,306)	364,785
Non-controlling interest	(31,809)	15,883
(Loss)/profit after tax attributable to members	(263,114)	380,668
Comprising:		
(Loss)/profit arising from operating activities	(103,202)	255,169
(Loss)/profit arising from changes in fair value of biological assets	(128,104)	109,616
Non-controlling interest	(31,809)	15,883
	(263,114)	380,668
Issued Shares of Kshs 5 each	17,512,640	8,756,320
(Loss)/earnings per share (Kshs)	(13.21)	41.66

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs'000	Capital Reserves Kshs'000	Retained Earnings			Non-controlling Interest Kshs'000	Total Kshs'000
			Biological Assets gains/(losses) Kshs'000	Other Kshs'000	Total Kshs'000		
Balance at 1 April 2015	43,782	832,721	1,291,880	4,226,673	5,518,553	187,980	6,583,036
Total comprehensive income for the year			109,616	255,169	364,785	15,883	380,668
Dividends paid - 2015			-	(350,253)	(350,253)	(1,193)	(351,445)
Balance at 30 September 2015	43,782	832,721	1,401,496	4,131,589	5,533,085	202,671	6,612,259
Balance at 1 April 2016	87,563	797,676	1,403,078	4,462,291	5,865,369	219,191	6,969,799
Total comprehensive income for the year			(128,104)	(103,202)	(231,306)	(31,809)	(263,114)
Dividends paid - 2016			-	(350,253)	(350,253)	(7,257)	(357,510)
Balance at 30 September 2016	87,563	797,676	1,274,974	4,008,837	5,283,810	180,126	6,349,175

CONSOLIDATED STATEMENT OF CASHFLOWS

	30.09.2016	30.09.2015
	Kshs'000	Kshs'000
Operating activities		
(Deficit)/surplus generated from operations	(37,083)	318,479
Interest paid	(8,375)	(10,412)
Interest received	30,753	46,061
Taxation Paid	(95,601)	(62,955)
	(110,306)	291,173
Investing activities		
Purchase of Plant and equipment	(88,812)	(34,259)
Purchase of intangible assets	(664)	(120)
Proceeds from disposal of property, plant and equipment	2,693	3,898
Net expenditure on biological assets	(26,734)	(24,526)
Dividend received from associated company	18,571	7,738
	(94,946)	(47,269)
Financing Activities		
Asset finance loans received	-	-
Asset finance loans repaid	(25,365)	(23,202)
Dividends paid to shareholders	(302,214)	(327,967)
Dividend paid to minority interest	(7,257)	(1,193)
	(334,836)	(352,362)
Decrease in cash and cash equivalents	(540,088)	(108,458)
Movement In cash and cash equivalents		
At 1 April	1,241,617	993,360
Decrease	(540,088)	(108,458)
At 30 September	701,529	884,902

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.09.2016	31.03.2016
	Kshs'000	Kshs'000 (Audited)
ASSETS		
Non current assets		
Property, Plant and Equipment	1,992,754	2,010,403
Intangible assets	3,548	4,362
Prepaid Operating LeaseS	76,497	76,542
Investment properties	420,000	420,000
Investment in associate companies	580,667	649,750
Unquoted investments	1,349	1,349
Biological Assets	2,598,519	2,774,565
	5,673,334	5,936,971
Current assets		
Inventories	584,335	758,811
Trade and other receivables	1,403,280	1,287,562
Due from Associate companies	16,662	12,720
Corporate tax recoverable	70,136	47,625
Short term deposits	254,852	775,331
Cash and bank balances	446,677	466,286
	2,775,942	3,348,335
Total Assets	8,449,276	9,285,306
EQUITY AND LIABILITIES		
Capital and reserves		
Share Capital	87,563	87,563
Revaluation surplus	797,676	797,676
Retained Earnings	5,283,810	5,865,369
Equity attributable to owners of the company	6,169,049	6,750,608
Non-controlling interests	180,126	219,191
Total Equity	6,349,175	6,969,799
Non current liabilities		
Deferred tax liability	1,010,988	1,231,700
Service gratuity provision	289,022	261,618
Borrowings	126,350	140,023
	1,426,360	1,633,341
Current liabilities		
Trade and other payables	619,546	542,913
Due to associate company	295	-
Borrowings	53,900	65,743
Corporate tax payable	-	73,510
	673,741	682,166
	8,449,276	9,285,306

COMMENTARY ON THE RESULTS

Turnover increased by 13% due to higher crops. Higher crops throughout tea growing areas depressed prices to very low levels last seen briefly in 2014. The cost of production continues to rise which when coupled with low prices has resulted to a loss.

In June 2016, an Industrial Court Judgement awarded over 50% wage and benefit increases to our workers for years 2014 and 2015. The award was challenged by the Tea Industry and is awaiting judgement by the court of Appeal. The unknown outcome of the next judgement adds considerably to the uncertainty of the next 6 months.

PROSPECTS

The Meteorological office has predicted normal rainfall in the months to come, so we can expect the crops to remain high on the back of very high supply side economics. Unless there is a re-adjustment on the supply side, demand will remain weak, with buyers under no pressure to pay more for their teas.

In short the outlook is gloomy.

G K MASAKI
COMPANY SECRETARY

KAPCHORUA TEA COMPANY LIMITED
UNAUDITED RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME

	30.09.2016 Kshs'000	30.09.2015 Kshs'000
Turnover	675,744	525,742
(Loss)/profit from operations before biological assets valuation	(60,501)	43,870
(Decrease)/increase in fair value of biological assets	(62,328)	50,634
Finance (costs)/ income	(5,294)	48,944
(Loss)/profit before taxation	(128,123)	143,448
Tax credit/(charge)	38,437	(43,034)
(Loss)/profit for the period	<u>(89,686)</u>	<u>100,414</u>
Comprising:		
(Loss)/profit arising from operating activities	(46,057)	64,970
(Loss)/profit arising from changes in fair value of biological assets	(43,630)	35,444
	<u>(89,686)</u>	<u>100,414</u>
Issued Shares of Kshs 5 each	7,824,000	3,912,000
(Loss)/earnings per share (Kshs)	<u>(11.46)</u>	<u>25.67</u>

STATEMENT OF CHANGES IN EQUITY

	Share Capital Kshs'000	Capital Reserves Kshs'000	Retained Earnings			Total Kshs'000
			Biological Assets gains/(losses) Kshs'000	Other Kshs'000	Total Kshs'000	
Balance at 1 April 2015	19,560	224,945	433,869	749,305	1,183,174	1,427,679
Total comprehensive income for the period			35,444	64,970	100,414	100,414
Dividend paid - 2015				(19,560)	(19,560)	(19,560)
Balance at 30 September 2015	19,560	224,945	469,313	794,715	1,264,028	1,508,533
Balance at 1 April 2016	39,120	194,188	532,302	876,831	1,409,133	1,642,441
Total comprehensive loss for the period			(43,630)	(46,057)	(89,686)	(89,686)
Dividend paid - 2016			(46,944)	(46,944)	(46,944)	(46,944)
Balance at 30 September 2016	39,120	194,188	488,672	783,831	1,272,503	1,505,811

COMMENTARY ON THE RESULTS

Turnover increased by 29% due to higher crops. Higher crops throughout tea growing areas depressed prices to very low levels last seen briefly in 2014. The cost of production continues to rise which when coupled with low prices has resulted to a loss.

In June 2016, an Industrial Court judgement awarded over 50% wage and benefit increases to our workers for years 2014 and 2015. The award was challenged by the Tea Industry and is awaiting judgement by the Court of Appeal. The unknown outcome of the next judgement adds considerably to the uncertainty of the next 6 months.

PROSPECTS

The Meteorological office has predicted normal rainfall in the months to come, so we can expect crops to remain high on the back of very high supply side economics. Unless there is a readjustment on the supply side, demand will remain weak, with buyers under no pressure to pay more for their teas.

In short the outlook is gloomy.

G K MASAKI
COMPANY SECRETARY

STATEMENT OF FINANCIAL POSITION

	30.09.2016 Kshs'000	31.03.2016 Kshs'000 (Audited)
ASSETS		
Non current assets		
Property, Plant and Equipment	444,267	466,775
Prepaid Operating Leases	21,607	21,621
Intangible Assets	461	446
Unquoted investments	717	717
Biological Assets	899,152	951,752
	<u>1,366,204</u>	<u>1,441,311</u>
Current Assets		
Inventories	207,069	302,941
Trade and other receivables	508,391	464,255
Due from related companies	295	472
Corporate taxation recoverable	447	-
Short term bank deposits	16,773	48,384
Cash and bank balances	36,760	71,788
	<u>769,735</u>	<u>887,840</u>
Total assets	2,135,939	2,329,151
EQUITY AND LIABILITIES		
Capital and reserves		
Share Capital	39,120	39,120
Revaluation surplus	194,188	194,188
Retained earnings	1,272,503	1,409,133
Shareholders' funds	<u>1,505,811</u>	<u>1,642,441</u>
Non current Liabilities		
Deferred tax liability	321,554	359,991
Provision for employee entitlements	128,211	116,422
	<u>449,765</u>	<u>476,413</u>
Current Liabilities		
Trade and other payables	163,104	153,256
Due to related companies	16,622	13,150
Corporate tax payable	-	43,202
Unclaimed dividends	637	689
	<u>180,363</u>	<u>210,297</u>
	<u>2,135,939</u>	<u>2,329,151</u>
	-	-
STATEMENT OF CASH FLOWS		
	30.09.2016 Kshs'000	30.09.2015 Kshs'000
Operating activities		
(Deficit)/surplus generated from operations	(3,691)	214,397
Interest paid	(198)	-
Interest received	2,365	-
Tax Paid	(67)	(67)
	<u>(1,591)</u>	<u>214,330</u>
Investing activities		
Purchase of property, plant and equipment	(9,544)	(92,719)
Purchase of intangible assets - computer software	(139)	-
Proceeds from disposal of property, plant and equipment	1,335	3,435
Dividends received	457	-
Net expenditure on biological assets	(10,161)	(18,393)
	<u>(18,052)</u>	<u>(47,677)</u>
Financing activities		
Dividends paid	(46,996)	(19,559)
	<u>(46,996)</u>	<u>(19,559)</u>
(Decrease)/increase in cash and cash equivalents	(66,639)	147,094
Movement in cash and cash equivalents		
At 1 April	120,172	46,844
(Decrease)/increase in cash and cash equivalents	(66,639)	147,094
At 30 September	<u>53,533</u>	<u>193,938</u>