



KAPCHORUA TEA KENYA PLC

AUDITED RESULTS FOR THE YEAR ENDED 31st MARCH 2020

Website: www.williamsontea.com



SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2020

	2020 Shs'000	2019 Shs'000
Revenue	1,134,302	1,421,255
Loss from operations before tax	(31,609)	(105,143)
Increase/(decrease) in fair value of biological assets	12,345	(57,165)
Net finance income	30,588	10,632
Profit/(loss) before taxation	11,324	(151,676)
Tax credit	8,119	26,011
Profit/(loss) for the year	19,443	(125,665)
Other comprehensive income for the year	17,980	(125,665)
Total comprehensive income/(loss) for the year	37,417	(125,665)
Profit/(loss) for the year comprises:		
Profit/(loss) arising from operating activities	10,178	(95,649)
Profit/(loss) arising from changes in fair value of biological assets	9,259	(40,016)
Issued Shares of KShs 5 each	7,824,000	7,824,000
Earnings/(Loss) per share (KShs) - Basic and diluted	2.48	(16.06)

SUMMARISED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

	Retained earnings		Total Shs'000
	Share Capital Shs'000	Revaluation Surplus Shs'000	
As at 1 April 2018	39,120	281,930	321,050
Loss for the year		(42,960)	(42,960)
Transfer of excess depreciation		12,888	12,888
Deferred tax on excess depreciation		(78,240)	(78,240)
Dividend declared 2018			
Balance at 31 March 2019	39,120	231,758	270,878
As at 1 April 2019	39,120	251,758	290,878
Profit for the year		17,980	17,980
Other comprehensive income for the year		(18,681)	(18,681)
Transfer of excess depreciation		4,672	4,672
Deferred tax on excess depreciation		(78,240)	(78,240)
Dividend declared 2019			
Balance at 31 March 2020	39,120	255,729	294,849

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2020

	2020 Shs'000	2019 Shs'000
ASSETS		
Non-current assets		
Property, plant and equipment	829,983	919,374
Right of use assets	19,821	19,845
Intangible assets	139	501
Prepaid operating leases	717	717
Unquoted investment	215,614	220,347
Biological assets - timber and fuel trees	1,056,274	1,160,784
Current Assets		
Unharvested green leaf	10,351	895
Inventories	258,994	195,099
Trade and other receivables	208,526	138,751
Due from related companies	5,388	3,781
Corporate tax recoverable	40,659	48,785
Short term bank deposits	296,517	373,591
Cash and bank balances	56,283	111,537
	1,942,002	2,033,173
Total Assets		
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	160,219	152,319
Revaluation surplus	18,311	38,486
Retained earnings	2,418	1,776,836
Shareholders' funds	1,942,002	2,033,173
Non-current Liabilities		
Deferred taxation	201,638	241,285
Provision for service gratuity	132,525	130,845
	334,163	372,130
Current Liabilities		
Trade and other payables	160,219	152,319
Due to related companies	18,311	38,486
Dividends Payable	2,418	1,776,836
	1,942,002	2,033,173
Total equity and liabilities		

SUMMARISED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2020

	2020 Shs'000	2019 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash (used in)/generated from operations	(32,391)	619,337
Interest received	29,396	15,850
Interest paid	(691)	(73)
Tax paid	(15,428)	(138,553)
	(19,114)	489,569
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(42,452)	(71,947)
Dividends received	894	(148)
Dividends of intangible assets	(4,070)	(3,889)
Expenditure on biological assets	(45,639)	(75,779)
	(77,346)	(77,613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(77,346)	(77,613)
	(77,346)	(77,613)
Net (decrease)/increase in cash and cash equivalents	(132,298)	343,197
Movement in cash and cash equivalents		
At 1 April	485,098	141,961
(Decrease)/increase	(132,298)	343,197
At 31 March	352,800	485,098

The above extract is based on the Financial Statements of Kapchorua Tea Kenya PLC for the year ended 31st March 2020 as audited by Deloitte & Touche who have issued an unqualified report. The Financial Statements have been prepared in accordance with the International Financial Reporting Standards. The Company's annual reports and press release of the annual results can be accessed at the Company's website: www.williamsontea.com

COMMENTARY ON THE RESULTS

The Company reported a profit for the year of Sh 19 million compared to a loss of Sh 125 million for the prior year. The very large crop volumes experienced at the end of the financial year and the reduced demand pushed the price of tea down as too much supply overtook demand with average prices falling by 12%.

DIVIDEND

The Directors resolved to recommend a final dividend of KShs 10 per share to be paid out of the retained earnings. The recommended final dividend, subject to approval, will accrue to the members on the register at the close of business on 18th August 2020. Thereafter, the register will remain closed from 19th to 20th August 2020, both days inclusive.

PROSPECTS

The extremely favourable weather conditions since October 2019 and huge increases on the tea supply side in Kenya when placed against a reduction in global demand for tea, results in extremely weak markets. Prices are in freefall and we do not anticipate any change to this situation as the year progresses. We shall continue to focus on crop and quality and managing our costs as we await improvement in the market.

ANNUAL GENERAL MEETING

In view of the COVID-19 pandemic, and to be in compliance with the prescribed government and ministry of health safety regulations, the company applied for and was granted leave by the Capital Markets Authority to conduct a Virtual Annual General Meeting.

SUMMARY OF KEY AUDIT MATTER

The auditors' report on the financial statements include the following key audit matter: Valuation and measurement of biological assets.

BASIS OF PREPARATION OF SUMMARISED FINANCIAL STATEMENTS

The summarised financial statements have been prepared in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002. Requirements as applicable to summarised financial statements.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 78th Annual General Meeting of the Shareholders will be held by electronic communication on Thursday 20th August 2020 at 10.00 a.m. for the following purpose:

- To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2020.
- To consider and approve a first and final dividend of Sh 10 per share for the year ended 31 March 2020 payable to the shareholders on the Register of Members at the close of business on 18th August 2020
- To elect Directors.

In accordance with Article 85 of the Company's Articles of Association, Mr. James Patrick Brooks retires by rotation and offers himself for re-election.

In accordance with Article 95 of the Company's Articles of Association, Mr. Edward Charles Mager retires by rotation and offers himself for re-election.

In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Governance Audit Committee, be appointed individually to continue to serve as members of the said committee:

- Mr. Matthew Koeh
- Mr. James Patrick Brooks
- Mr. Edward Charles Mager

To re-appoint Messrs Deloitte & Touche as Auditors of the company in accordance with the provisions of Section 221(2) of the Kenyan Companies Act, 2015 and to authorise the Directors to fix the Auditors' remuneration for

2020 at 10.00 a.m. for the following purpose:

1. To receive and adopt the report of the Directors together with the audited financial statements for the year ended 31 March 2020.

2. To consider and approve a first and final dividend of Sh 10 per share for the year ended 31 March 2020 payable to the shareholders on the Register of Members at the close of business on 18th August 2020

3. To elect Directors.

In accordance with Article 85 of the Company's Articles of Association, Mr. James Patrick Brooks retires by rotation and offers himself for re-election.

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To re-appoint Messrs Deloitte & Touche as Auditors of the company in accordance with the provisions of Section 221(2) of the Kenyan Companies Act, 2015 and to authorise the Directors to fix the Auditors' remuneration for

the ensuing financial year in accordance with the provisions of Section 724(1) of the Kenyan Companies Act, 2015.

Special Business

That, by way of special resolution, Articles 55, 65 and 111 of the Articles of Association of the Company be and are hereby amended to provide for holding of Annual General Meetings, Extraordinary General Meetings and Board Meetings virtually and for voting to be conducted by electronic means.

To transact such other business as may be brought before the meeting.

GK MASAKI
COMPANY SECRETARY

INDEPENDENT AUDITORS' REPORT ON THE SUMMARISED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF KAPCHORUA TEA KENYA PLC

Opinion

The accompanying summarised financial statements of Kapchorua Tea Kenya PLC (the "Company"), which comprise the summarised statement of profit or loss and other comprehensive income, the summarised statement of changes in equity and the summarised statement of cash flows for the year then ended, are derived from the audited financial statements for the year ended 31 March 2020.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the audited financial statements of the company, in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 ("the Regulations") as applicable to summarised financial statements.

Summarised financial statements

The summarised financial statements do not contain all the disclosures required by the International Financial Reporting Standards as applicable to annual financial statements. Reading the summarised financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements of the company and the auditors' report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 16 July 2020. That report also includes:

The communication of key audit matter related to valuation and measurement of biological assets. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the company's financial statements of the current period.

Directors' responsibility for the summarised financial statements

The Directors are responsible for the preparation of the summarised financial statements in accordance with the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 as applicable to summarised financial statements.

Auditors' responsibility for the summarised financial statements

Our responsibility is to express an opinion on whether the summarised financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summarised Financial Statements*.

Certified Public Accountants (Kenya)

Deloitte Place
Waiyaki Way, Mchuarari
P.O. Box 40092 - 00100, Nairobi, Kenya

CPA Fred Aloo, Practising certificate No. 1537
Signing partner responsible for the independent audit

16 July 2020