



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	1,421,265
Loss from operations before tax	(31,609)	(105,143)
Increase/(decrease) in fair value of biological assets	12,245	(97,165)
Net finance income	30,588	10,652
Profit/(loss) before taxation	11,324	(151,676)
Tax credit	8,115	26,011
Profit/(loss) for the year	19,437	(125,665)
Other comprehensive income for the year	17,980	17,980
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	(85,649)
Profit/(loss) arising from changes in fair value of biological assets	9,259	(40,016)
	19,437	(125,665)
Issued Shares of Kshs 5 each	7824,000	7824,000
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

	Share		Biological Assets		Retained earnings		Total
	Capital Shs'000	Revaluation surplus Shs'000	fair value Shs'000	Other Shs'000	Total Shs'000	Total Shs'000	
As at 1 April 2018	39,120	281,830	519,693	830,976	1,350,669	1,671,619	
Loss for the year		(42,960)	(40,016)	(42,960)	(125,665)	(125,665)	
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	251,758	479,677	697,159	1,176,836	1,467,714	
As at 1 April 2019	39,120	251,758	479,677	697,159	1,176,836	1,467,714	
Profit for the year		17,980	9,259	10,178	19,437	19,437	
Other comprehensive income for the year		(18,681)		(4,672)	(18,681)	(18,681)	
Transfer of excess depreciation		(18,681)		(4,672)			
Deferred tax on excess depreciation		4,672		(78,240)		(78,240)	
Dividend declared-2019							
Balance at 31 March 2020	39,120	255,729	488,936	643,106	1,132,042	1,426,891	

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
Prepaid operating leases	139	501
Intangible assets	717	717
Unquoted investment	215,614	220,347
Biological assets - timber and fuel trees	1,066,274	1,160,784
Current Assets		
Unharvested green leaf	10,351	895
Inventories	259,994	195,099
Trade and other receivables	206,526	138,751
Due from related companies	5,398	3,761
Corporate tax recoverable	40,659	48,785
Short term bank deposits	296,517	373,561
Cash and bank balances	56,283	111,537
	875,728	872,389
Total Assets	1,942,002	2,033,175
EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	39,120	39,120
Revaluation surplus	225,729	251,758
Retained earnings	1,132,042	1,176,836
Shareholders' funds	1,496,891	1,467,714
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	39,486
Dividends Payable	2,418	1,524
	180,948	193,329
Total equity and liabilities	1,942,002	2,033,175

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	(5,428)	(138,585)
	(9,114)	496,529
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(42,452)	(71,947)
Purchase of intangible assets	(4,070)	4
Dividends received	(45,838)	(3,688)
Expenditure on biological assets	(75,779)	(75,779)
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)	343,137
At 1 April	485,098	141,961
(Decrease)/increase	(132,298)	343,137
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 31 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 Shs. 19 million, compared to a loss of Shs. 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. Therefore, 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 auditor's 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, 2020 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:

Ordinary Business:

- 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 Shs 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:
 - i) Mr. James Patrick Brooks retires by rotation and offers himself for re-election.
 - ii) 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.

4) 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 contribute to serve as members of the said committee:

- i) McAlannah Koach
- ii) McJames Patrick Brooks
- iii) Mr. Edward Charles Mager
- iv) Mr. Edward Charles Mager

- 6) to re-appoint Messrs Deloitte & Touche as Auditors of the company in accordance with the provisions of Section 721 (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.

NOTES:

1. In view of the ongoing Coronavirus 2019 (COVID-19) pandemic and the related public health Regulations and directives passed by the Government of Kenya precluding *inter alia* public gatherings, it is impracticable, as contemplated under section 280 of the Companies Act 2015, for Kapchorua Tea Kenya PLC to hold a physical Annual General Meeting (AGM) in the manner prescribed in its Articles of Association.

2. On 29 April 2020, the High Court of Kenya in Miscellaneous Application No. E880 of 2020, made under the provisions of Section 280 of the Companies Act, 2015 (the Companies Act) issued an order granting special dispensation to any company listed on the Nairobi Securities Exchange ("Public Company") to convene and conduct a virtual general meeting subject to receipt of a No Objection from the Capital Markets Authority (CMA).

3. Kapchorua Tea Kenya PLC will convene and conduct a virtual annual general meeting following receipt of a No Objection from the Capital Markets Authority.

4. Any shareholder wishing to follow the virtual meeting should register for the AGM by dialling **4433 9044** for all networks and following the various prompts regarding the registration process. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDS/Account Number at hand. For assistance shareholders should dial the following helpline number: 0709 170 000 from 9:00 a.m. to 5:00 p.m. from Monday to Friday.

A Shareholder domiciled outside of Kenya can send an email to Image-Registers@imgreg.co.ke providing their details (i.e. Name, Passport/ID no., CDS no. and mobile telephone number) requesting that the shareholder be registered and send them an email notification once registered.

5. Registration for the AGM opens on Wednesday 29th July, 2020 at 9:00 am and will close on Monday 17th August 2020 at 11:30 am.

6. In accordance with Section 283 (2) (g) of the Companies Act, the following documents may be viewed on the Company's website <http://www.williamsontea.com> / (i) a copy of this Notice and the Proxy Form; (ii) the Company's audited financial statements for the year ended 31st March 2020; (iii) a copy of the High Court Order in Miscellaneous Application No. E880 of 2019; and (iv) a copy of the No Objection issued by the CMA.

7. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

- a. sending their written questions by email to Image-Registers@imgreg.co.ke
- b. sending their written questions with a return physical address or email address to Image Registers offices at 5th floor, Absa Towers (formerly Bancor Plaza), Latta Street or
- c. sending their written questions with a return physical address or email address by registered post to Image Registers' address at P.O. Box 9287 - 00100 Nairobi.

Shareholders must provide their full details (full names, ID/Passport Number/CDS/Account Number) when submitting their questions and clarifications. All questions and clarification must reach the Company on or before Tuesday 18th August 2020 at 11:00 a.m.

Following receipt of the questions and clarifications, the directors of the Company shall provide written responses to the questions received to the return physical address or email address provided by the Shareholder no later than 12 hours before 11:00 a.m. Wednesday 19th August 2020. A full list of all questions received and the answers thereto will be published on the Company's website no later than 12 hours before the start of the Annual General Meeting.

8. In accordance with Section 296(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is available on the Company's website via this link: <http://www.williamsontea.com/>. Physical copies of the proxy form are also available at the following address: Image Registers Limited offices, 5th Floor Absa Towers (Formerly Bancor Plaza), Latta Street.

A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such corporation or Government office.

9. A completed form of proxy should be emailed to williamsonreg@imgreg.co.ke or delivered to Image Registers Limited, 5th Floor Absa Towers (Formerly Bancor Plaza), Latta Street, P.O. Box 9287 - 00100 CPO, Nairobi, so as to be received not later than 18th August 2020 at 11:00 am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than 19th August 2020 at 11:00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 19th August 2020 to allow time to address any issues.

10. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the general meeting. Duly registered shareholders and proxies will be able to view the AGM via the live stream platform and may access the agenda. Duly registered Shareholders and proxies may vote (when prompted by the chairman) via the USSD prompts.

11. A poll shall be conducted for all the resolutions put forward in the notice.

12. Results of the poll shall be published on the Company's website within 24 hours following conclusion of the Annual General Meeting.

7) 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.

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

C K 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 for the year ended 31st March 2020, as presented in the audited financial statements as at 31st March 2020, the accompanying 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.

Summarised Financial Statements

The summarised financial statements do not contain all the disclosures required by the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 ("the Regulations") as applicable to summary financial statements.

The audited financial statements and our report thereon were issued on 16 July 2020. That report also includes:

The communication of key audit matters as 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 and the fair presentation of the 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 Summary Financial Statements.

CMA Fred Aloo, Practising Certificate No. 1537 16 July 2020
Signing partner responsible for the independent audit

Certified Public Accountants (Kenya)
Deloitte PwC
Wayaki Wany, Muthangari
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