

Limuru Tea Plc

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

ANNOUNCEMENT OF RESULTS FOR THE TWELVE MONTHS ENDED 31st DECEMBER 2019

The Board of Directors is pleased to announce the Company's results for the year ended 31st December 2019. The figures have been extracted from the Company's audited financial statements, which have received an unqualified audit opinion.

STATEMENT OF FINANCIAL POSITION		
	2019	2018
EQUITY	KShs'000	KShs'000
Share capital	24,000	24,000
Retained earnings	168,346	166,726
Proposed dividend	1,680	2,400
Total equity	194,026	193,126
Non-current liabilities		
Deferred income tax liability	10,306	11,496
Post-employment benefit obligations	14,667	18,083
	24,973	29,579
	218,999	222,705
REPRESENTED BY:		
Non-current assets		
Biological assets – fuel trees	3,168	2,820
Property and equipment	92,887	105,914
	96,055	108,734
Current assets		
Biological asset - green leaf	2,918	3,656
Current income tax recoverable	9,978	11,546
Receivables and prepayments	125,500	137,682
Cash and cash equivalents	1,219	6,637
	139,615	159,521
Current liabilities		
Payables and accrued expenses	16,671	45,550
	16,671	45,550
Net current assets	122,944	113,971
	218,999	222,705

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CONDENSED STATEMENT OF CASH FLOWS		
	As at 31 Dec 2019	As at 31 Dec 2018
	KShs'000	KShs'000
Net cash (used in)/from operating activities	(1,091)	2,291
Net cash used in investing activities	(1,927)	(3,576)
Net cash used in financing activities	(2,400)	-
Decrease in cash and cash equivalents	(5,418)	(1,285)
Movement in cash and cash equivalents		
At start of year	6,637	7,922
Decrease in the year	(5,418)	(1,285)
At 31 December	1,219	6,637

CONDENSED STATEMENT OF COMPREHENSIVE INCOME		
	2019	2018
	KShs'000	KShs'000
Turnover	91,049	108,768
Profit before income tax	3,016	3,696
Income tax expense	(1,116)	(1,148)
Profit attributable to the shareholders	1,900	2,548
Authorized, Issued and fully paid shares of KShs 10 each		
	2,400,000	2,400,000
Earnings per share (Kshs)	0.79	1.1
Total Dividends per share (Kshs)	0.7	1.0

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CONDENSED STATEMENT OF CHANGES IN EQUITY				
	Share Capital KShs'000	Retained Earnings KShs'000	Proposed Dividend KShs'000	Total KShs'000
Balance at 1 January 2019	24,000	166,726	2,400	193,126
Profit for 2019	-	1,900	-	1,900
Charge to other comprehensive income (Actuarial gain net of tax)	-	1,400	-	1,400
Dividends				
- Final Paid For 2018	-	-	(2,400)	(2,400)
- Proposed dividend for 2019	-	(1,680)	1,680	-
Balance as at 31 December 2019	24,000	168,346	1,680	194,026
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 for 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 2019 as audited by KPMG Kenya upon which they issued an unqualified opinion and raised Key Audit Matters relating to assumptions and judgements used by the directors in the areas summarized below:

- a. Valuation of biological assets – determining fair values and fair value changes in biological assets held by the Company; and
- b. Assessment of and recognition of deferred tax asset arising from losses carried forward.

LIMURU TEA PLC.

COMMENTARY

Performance

In 2019, the Company produced 3,201,030 kilograms of green leaf, which in turn was manufactured into 719,409 kilograms of black tea. This was a 4% increase in green leaf volume from 2018 and is attributed to yield improvement arising from the strategic investments done in the recent years to improve the low yielding fields through replanting of new clones to replace the old seedling fields.

The Turnover decreased by 16% to Kshs. 91 million in 2019 from Kshs. 109 million in 2018. This was driven by the significant drop in prices realised in the market.

The Company posted a pre-tax profit of Kshs. 3 million in the year ended 31st December 2019 compared to Kshs. 3.7 million posted in the prior year. The sustained profitability resulted from the growth in production volume and continued cost saving initiatives being undertaken by the management.

Dividend

Board of Directors will be recommending a dividend of KShs 0.7/= per ordinary share for the year ended 31st December 2019, payable net of withholding tax on or about 26th June 2020, to shareholders on the register at the close of business on 10th April 2020

Prospects

The first quarter of the year 2020 has witnessed good weather conditions and a drop in the Tea auction prices.

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
20 March 2020