

KAKUZI PLC

EXTRACT FROM THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS TO 30 JUNE 2019

The unaudited results for the Kakuzi Group for the period of six months to 30 June 2019 and the comparative figures for the previous year are as follows:

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

	30 June 2019 Shs'000	30 June 2018 Shs'000
Sales	<u>619,463</u>	<u>613,118</u>
Profit before fair value gain in non-current biological assets and income tax	334,857	361,927
Fair value gain in non-current biological assets	20,225	20,641
Profit before income tax	<u>355,082</u>	<u>382,568</u>
Income tax expense	(109,501)	(112,114)
Profit for the year	<u>245,581</u>	<u>270,454</u>
Other Comprehensive Income:		
<i>Items that are not reclassified to profit or loss:</i>		
Remeasurement of post-employment benefit obligations (net of tax)	-	-
Total comprehensive income	<u>245,581</u>	<u>270,454</u>
	Shs	Shs
Earnings per share (Shs):		
Basic and diluted earnings per ordinary share	<u>12.53</u>	<u>13.80</u>

Condensed Consolidated Statement of Financial Position

	30 June 2019 Shs'000	30 June 2018 Shs'000	Audited 31 December 2018 Shs'000
EQUITY			
Share capital	98,000	98,000	98,000
Other reserves	19,653	16,607	19,653
Retained earnings	4,621,004	4,340,683	4,375,423
Proposed dividends	-	-	176,400
Total equity	<u>4,738,657</u>	<u>4,455,290</u>	<u>4,669,476</u>
Non-current liabilities	<u>972,541</u>	<u>871,632</u>	<u>881,602</u>
	<u>5,711,198</u>	<u>5,326,922</u>	<u>5,551,078</u>
REPRESENTED BY			
Non-current assets	3,745,481	3,402,413	3,624,125
Current assets	1,371,745	1,292,927	815,982
Cash and cash balances	1,004,188	1,297,393	1,500,935
Current liabilities	(410,216)	(665,811)	(389,964)
Net current assets	<u>1,965,717</u>	<u>1,924,509</u>	<u>1,926,953</u>
	<u>5,711,198</u>	<u>5,326,922</u>	<u>5,551,078</u>

Condensed Consolidated Statement of Cash flows

	30 June 2019 Shs'000	30 June 2018 Shs'000
Cash and cash equivalents at the beginning of the year	<u>1,500,935</u>	<u>1,648,749</u>
Net cash used in operating activities	(86,944)	(139,160)
Net cash used in investing activities	(235,314)	(69,430)
Net cash used in financing activities	(176,400)	(137,200)
Effect of exchange rate differences on cash and cash equivalents	1,911	(5,566)
Decrease in cash and cash equivalents	<u>(496,747)</u>	<u>(351,356)</u>
Cash and cash equivalents at the end of the period	<u>1,004,188</u>	<u>1,297,393</u>

Condensed Consolidated Statement of Changes in Equity

	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Equity Shs'000
At start of the year	98,000	19,653	4,375,423	176,400	4,669,476
Profit for the period	-	-	245,581	-	245,581
Dividends paid	-	-	-	(176,400)	(176,400)
At end of period	<u>98,000</u>	<u>19,653</u>	<u>4,621,004</u>	<u>-</u>	<u>4,738,657</u>

OVERVIEW:

The profit before tax for the period to June 2019 was Shs 355.0 million compared to a profit of Shs 382.6 million for the same period last year. While there was an increase in revenue from avocado sales, lower volumes of unharvested avocado crop resulted in a reduction in the fair value adjustment compared to the prior period. Revenue from tea declined due to lower production and a weak market. Macadamia results improved as a result of increased production and firmer prices. The results were also impacted by the write back of provisions made in prior years, amounting to Shs 103.2 million.

The sale and export of avocados, the main income stream for the Company, has begun in earnest and whilst the market prices look to be improved over last year, the impact of reduced volumes in comparison to 2018 will be unknown until later in the year.

The Directors do not recommend the payment of an interim dividend.