

**KAKUZI PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD OF SIX MONTHS TO 30 JUNE 2022**  
**(UNAUDITED)**

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## **KEY HIGHLIGHTS**

- **Strong bottom line growth. Pretax profit up 60% to Kshs 494.7 million**
- **Anticipating higher avocado exports, this 'ON' year cropping cycle**
- **Diversification strategy gains steam**
- **Domestic sales for macadamia and blueberries as part of revenue stream diversification stepped up**
- **All set for avocado exports to China**

## **TRADING PERFORMANCE**

The half-year trading period for the financial year 2022 are in line with our expectations.

We have maintained focus on the efficient production of quality products to fuel our revenue and profit growth.

Emerging from the suppressed trading results posted within the same period last year, our pretax profit for the half-year period has grown to Ksh 494.7 million, up from KSh 276.7 million posted within the same period last year.

Based on our current projections, we are optimistic that we will meet our production targets for the full-year trading period with enhanced efforts to progress our diversification strategies.

We are currently in the middle of our avocado harvesting season. Although the crop levels are what we expect for an 'ON' year cropping cycle, the international market dynamics remain complex given the European geopolitical situation, the cost-of-living crisis in many of our markets, and significant inflationary pressures on production costs. Our macadamia operations are also in full swing. Like avocados, the macadamia market has suffered similar global economic challenges compounded by higher worldwide unsold stock holdings.

Guided by our operating strategy, we remain focused on producing high-quality avocados, Macadamia, Blueberries, Livestock and related agricultural products. The current operating strategy underpins our commitment to consistently expand and diversify our crops and markets while exploring innovative ways to expand our product range. Driven by a desire to facilitate social and economic transformation, we continue to uphold responsible corporate citizenship and purpose-driven organization tenets as part of our commitment to creating value for our stakeholders while actively pursuing our commitments to climate action, community welfare and sustainability values.

## **DIVIDEND**

The Directors do not recommend the payment of an Interim Dividend.

## **OVERVIEW & OPERATIONS**

At the farm operations level, the first half of the year has been a busy period with the harvesting of macadamia, the early season of Pinkerton avocado variety harvesting and the beginning of the Hass avocado season harvesting. Blueberry harvesting is also well underway with encouraging results especially from our new varieties under trial.

Beef, animal feed and forestry product sales have all had a good first half, and our Kaboswa Tea operations has also benefited from the diversification into timber sales.

Given the investments in irrigation and water resources infrastructure, our crops have not been impacted by the significant drought experienced across many parts of the Country. As we continue navigating this 'ON' production cycle for avocados after the low or 'OFF' year season experienced last year, we anticipate that exported volumes will be much more significant this year.

## **Value-added**

The increasing maturity of our macadamia orchards will also result in more production volumes over the output registered last year, well within our projections. In the domestic market, our product diversification efforts are also beginning to pay off. We now have several value-added products in the local retail and catering market. These products include salted and unsalted macadamia snack packs, ready-to-eat blueberries and honey. Though relatively low compared to our export sales, the local market entry volumes are expanding quickly as the retail demand continues to grow.

## **Avocado**

The international markets remain complex as a result of a combination of factors. During the period avocado exports from Peru into our traditional European markets hit record levels, creating a corresponding downward pressure on prices. We are, however, encouraged by recent developments as the market has recently shown some signs of recovery with encouraging prices.

The price uncertainty in the traditional market has highlighted the urgent need to explore market entry into other geographic regions, including China. We must commend the efforts by the authorities to finalize the protocols for fresh fruit exports to China which we hope to have begun exports to by the time the half year results are published. With the ever-increasing volumes of Kenyan avocado production, the key to a successful Agri-enterprise remains the development of additional high-value markets.

## **Macadamia**

Macadamia markets have not escaped the impact of the consumer spending squeeze, but this is further compounded by significantly extended shipping times into some of our main markets. Given tourism's vital role in the international macadamia markets, there is still a COVID-19 effect in some key consuming countries. The demand for better-quality nuts remains firm, but an increasing worldwide oversupply of lower-quality products will create a corresponding downward price pressure for this segment. We envisage this situation to be sustained for the rest of the year.

## **Other Crops**

We continue to record positive growth in our forestry, livestock and animal feed operations. Our Kaboswa operations have recorded significant positive results from selling sustainably grown fuel wood to tea factories in the area. Our strategy to expand our wood product sales is ongoing. We hope to capitalize on this next year with some critical investments once the ongoing feasibility studies are completed.

## **Blueberry**

We continue to analyze production and field management data on our trial Blueberry crop at the current 10 hectares pilot orchard. The trials have been promising, and we hope to scale up blueberry production once the investment appraisals are finalized in the coming months. The new variety trials initiated last year have already started to show encouraging results in terms of fruit quality and production volumes. Sales volumes are also encouraging, with Kakuzi blueberry products now a common feature in Nairobi supermarket stores. Through some vital strategic alliances, we anticipate that Kakuzi will soon be a significant blueberry grower feeding the domestic and regional markets.

## **CORPORATE AFFAIRS AND CORPORATE SOCIAL INVESTMENT**

We continue to demonstrate our commitment to ethics, sustainability and good corporate citizenship practices through interactions with and involvement of key stakeholders. We continue to carry out the foregoing through the framework of the United Nations Sustainable Development Goals (SDG's), in alignment with our published ESG reports.

We recognize that as custodians of the resources that are under our control, we owe a duty to future generations. To this end we ensure that our operations and our products meet the best possible international standards. In addition to our long-held certifications of Global Gap, FSSC 22000, Rainforest Alliance, SMETA, GRASP, Halal, KEBS and Kosha, we became the first organization in Kenya to be SPRING certified. The addition of SPRING to our complement of certifications and accreditations is a demonstration of the importance we attach to environmental, and specifically, water use sustainability.

In order to benchmark our operations with other Industry players, we participated in the Energy Management Awards hosted by the Kenya Association of Manufacturers (KAM) as well as the National Occupational Safety and Health Awards, from which valuable lessons were learnt.

In our community outreach programs, the Company continued to give priority to investments designed to improve education so as to enhance livelihood opportunities for community members and their children. Our interventions in schools included provisions of infrastructure, furniture, assistance in employment of additional teachers to bridge the gaps, water harvesting and conservation as well as involvement of children and teachers in avocado and tree planting programs within their learning institutions, both to provide healthy food for learners and to potentially create an additional income stream for the institution.

## **CORPORATE AFFAIRS AND CORPORATE SOCIAL INVESTMENT**

Our economic empowerment intervention, whose flagship project is the avocado smallholder program continued expanding. We are now also supporting 4 community beekeeping groups up from one a year ago. We have also started supporting youth groups that are engaged in agribusiness. Our support for SMES and Women owned enterprises has seen us spend upwards of Ksh 10 Million in procurement from local suppliers and contractors.

### **Jiko Kisasa**

We started the second phase of energy saving jikos project (Jiko Kisasa) involving installation of double cook stoves in 300 households with the aim of achieving fuel wood efficiency as well as health benefits due to reduced smoke.

### **Irrigation for Communities**

We completed the Athara Irrigation Water intake project which was handed over to the Area Chief and the community in June of this year, in time for the upcoming irrigation season. The intake will enhance responsible use of irrigation water from river Mutoho for farming activities. The Community will be in charge of running the intake by regulating the flow to ensure that all the interested parties benefit from the Project

### **Period Poverty**

The Tabasamu menstrual hygiene program engaged in a series of menstrual health awareness activities and continued to provide sanitary towels to the female employees, their dependent girls and local girls schools. Their activities culminated in World Menstrual Hygiene day celebrated within this first half of the year.

### **Community Roads**

The Company has constructed the 5.9 kilometers Sunset-Munyu road for the Company which is accessible by the Kakuzi Hills residents. We also improved the road provided by the Company for use by the Kangangu community.

After launching our second ESG report, Future Proofing Agriculture, in December 2021, we are currently working on our next ESG report for publishing later this year. ESG credentials including transparency and being able to independently validate key matrixes such as carbon outputs is critical for our business. Our values are inextricably linked to producing quality foods sustainably and we have continuously stated these require both long term commitment and long term investment decisions.

Throughout the balance of the year we expect to continue with these activities in conjunction with our key strategic partners.

## **STRATEGIC GOALS & DEVELOPMENTS**

Diversification of income streams remains a key strategic goal for the Company. We have embarked on this for the international and domestic market with a range of new and value added products. Currently, we have two main export products, avocados and macadamia, but through strategic investments, we believe that blueberry production will become the third pillar.

Expanding sustainable wood products into a higher-value market and increasing the sales volume is a crucial short-term goal as this market becomes increasingly aware of the benefits of using sustainably grown timber products. Livestock diversification is also progressing as we build up our goat herd in our race to become commercial goat meat producers and capitalize on the enormous value addition potential in this sector.

## **LOOKING AHEAD**

As ever, the mid-year is always a difficult time to make predictions for the future. Complex international markets, an increasing cost base for many of our key inputs, and a worldwide consumer spend squeeze perhaps will make this year more complex than most. At Kakuzi, we are excited with the market opportunities and prospects we can derive from our concerted effort to produce sustainably grown, high-quality products and continue our diversification journey. All this is in keeping with our objective to enhance return on investment for our shareholders and value to all our stakeholders.

**NICHOLAS NG'ANG'A**  
**CHAIRMAN**

18 August 2022

## Consolidated and separate statement of profit or loss and comprehensive income

	Notes	6 Months to 30 June 2022 Shs'000	6 Months to 30 June 2021 Shs'000
<b>Sales</b>	3	1,026,492	888,949
Gain arising from changes in fair value less cost to sell of non current biological assets	10(i)	22,826	20,569
		<hr/>	<hr/>
		1,049,318	909,518
Cost of sales		(563,280)	(603,523)
		<hr/>	<hr/>
<b>Gross profit</b>		486,038	305,995
Other income	4	43,752	(5,336)
Selling and Distribution costs	3	(82,855)	(66,561)
		<hr/>	<hr/>
<b>Operating profit</b>		446,935	234,098
Interest income	5	47,766	42,598
Finance costs	5	(33)	(33)
		<hr/>	<hr/>
<b>Profit before income tax</b>		494,668	276,663
Income tax expense	6	(153,398)	(82,025)
		<hr/>	<hr/>
<b>Profit for the period</b>		341,270	194,638
<b>Other comprehensive income</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income</b>		341,270	194,638
		<hr/> <hr/>	<hr/> <hr/>
		<b>Shs</b>	<b>Shs</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per ordinary share	7	17.41	9.93
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 18 are an integral part of these consolidated and separate interim financial statements.

## Consolidated statement of financial position

	Notes	30 June 2022 Shs'000	30 June 2021 Shs'000	Audited 31 December 2021 Shs'000
<b>EQUITY</b>				
Share capital		98,000	98,000	98,000
Other reserves		37,991	31,953	37,991
Retained earnings		5,313,502	5,278,334	4,972,232
Proposed dividend		-	-	431,200
<b>Total equity</b>		<b>5,449,493</b>	<b>5,408,287</b>	<b>5,539,423</b>
<b>Non-current liabilities</b>				
Deferred income tax		1,010,011	993,200	993,318
Post employment benefit obligations		88,508	89,134	77,312
Lease obligations		326	327	327
		1,098,845	1,082,661	1,070,957
<b>Total equity and non current liabilities</b>		<b>6,548,338</b>	<b>6,490,948</b>	<b>6,610,380</b>
<b>REPRESENTED BY</b>				
<b>Non current assets</b>				
Property, plant and equipment	9	3,066,285	2,964,192	2,992,481
Biological assets	10(i)	790,523	716,184	793,684
Right of use assets		4,236	4,286	4,286
Financial assets held at amortised cost	12	100,000	200,000	100,000
Non current receivables		38,019	34,606	38,745
		3,999,063	3,919,268	3,929,196
<b>Current assets</b>				
Biological assets – growing agricultural produce	10(ii)	582,089	574,301	354,763
Inventories		1,288,670	900,409	504,423
Receivables and prepayments		288,490	323,707	342,870
Cash and cash equivalents		840,966	1,198,311	1,656,219
Financial assets held at amortised cost	12	100,000	-	100,000
		3,100,215	2,996,728	2,958,275
<b>Current liabilities</b>				
Payables and accrued expenses		399,599	322,882	227,494
Current tax payable		111,612	68,800	9,901
Lease obligations		168	135	135
Post employment benefit obligations		39,561	33,231	39,561
		550,940	425,048	277,091
<b>Net current assets</b>		<b>2,549,275</b>	<b>2,571,680</b>	<b>2,681,184</b>
		6,548,338	6,490,948	6,610,380

The notes on pages 11 to 18 are an integral part of these consolidated and separate interim financial statements.

## Separate statement of financial position

	Notes	30 June 2022 Shs'000	30 June 2021 Shs'000	31 December 2021 Shs'000
<b>EQUITY</b>				
Share capital		98,000	98,000	98,000
Other reserves		37,991	31,953	37,991
Retained earnings		5,309,361	5,274,193	4,968,091
Proposed dividend		-	-	431,200
<b>Total equity</b>		<b>5,445,352</b>	<b>5,404,146</b>	<b>5,535,282</b>
<b>Non current liabilities</b>				
Deferred income tax		1,010,011	993,200	993,318
Post employment benefit obligations		88,508	89,134	77,312
Lease obligations		326	327	327
		1,098,845	1,082,661	1,070,957
<b>Total equity and non current liabilities</b>		<b>6,544,197</b>	<b>6,486,807</b>	<b>6,606,239</b>
<b>REPRESENTED BY</b>				
<b>Non current assets</b>				
Property, plant and equipment	9	3,066,285	2,964,192	2,992,481
Biological assets	10(i)	790,523	716,184	793,684
Right of use assets		4,236	4,286	4,286
Investments in subsidiaries		4,295	4,295	4,295
Financial assets held at amortised cost	12	100,000	200,000	100,000
Non current receivables		38,019	34,606	38,745
		4,003,358	3,923,563	3,933,491
<b>Current assets</b>				
Biological assets – growing agricultural produce	10(ii)	582,089	574,301	354,763
Inventories		1,288,670	900,409	504,423
Receivables and prepayments		288,490	323,707	342,870
Cash and cash equivalents		840,966	1,198,311	1,656,219
Financial assets held at amortised cost	12	100,000	-	100,000
		3,100,215	2,996,728	2,958,275
<b>Current liabilities</b>				
Payables and accrued expenses		407,982	331,265	235,877
Current tax payable		111,665	68,853	9,954
Lease obligations		168	135	135
Post employment benefit obligations		39,561	33,231	39,561
		559,376	433,484	285,527
<b>Net current assets</b>		<b>2,540,839</b>	<b>2,563,244</b>	<b>2,672,748</b>
		6,544,197	6,486,807	6,606,239

The notes on pages 11 to 18 are an integral part of these consolidated and separate interim financial statements.

## Consolidated statement of changes in equity

	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
<b>Period ended 30 June 2022</b>					
At start of year	98,000	37,991	4,972,232	431,200	5,539,423
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	341,270	-	341,270
Other comprehensive income	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>341,270</b>	<b>-</b>	<b>341,270</b>
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2021	-	-	-	(431,200)	(431,200)
	-	-	-	(431,200)	(431,200)
At end of period	98,000	37,991	5,313,502	-	5,449,493
	<b>Share capital Shs'000</b>	<b>Other reserves Shs'000</b>	<b>Retained earnings Shs'000</b>	<b>Proposed dividend Shs'000</b>	<b>Total equity Shs'000</b>
<b>Period ended 30 June 2021</b>					
At start of year	98,000	31,953	5,083,696	352,800	5,566,449
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	194,638	-	194,638
Other comprehensive income	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>194,638</b>	<b>-</b>	<b>194,638</b>
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2020	-	-	-	(352,800)	(352,800)
	-	-	-	(352,800)	(352,800)
At end of period	98,000	31,953	5,278,334	-	5,408,287

The notes on pages 11 to 18 are an integral part of these consolidated and separate interim financial statements.

## Separate statement of changes in equity

	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
<b>Period ended 30 June 2022</b>					
At start of year	98,000	37,991	4,968,091	431,200	5,535,282
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	341,270	-	341,270
Other comprehensive income	-	-	-	-	-
<b>Total</b>	-	-	341,270	-	341,270
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2021	-	-	-	(431,200)	(431,200)
	-	-	-	(431,200)	(431,200)
At end of period	98,000	37,991	5,309,361	-	5,445,352
<b>Period ended 30 June 2021</b>					
At start of year	98,000	31,953	5,079,555	352,800	5,562,308
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	194,638	-	194,638
Other comprehensive income	-	-	-	-	-
<b>Total</b>	-	-	194,638	-	194,638
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2020	-	-	-	(352,800)	(352,800)
	-	-	-	(352,800)	(352,800)
At end of period	98,000	31,953	5,274,193	-	5,404,146

The notes on pages 11 to 18 are an integral part of these consolidated and separate interim financial statements.

## Consolidated and separate statement of cash flows

	Notes	6 months to 30 June 2022 Shs'000	6 months to 30 June 2021 Shs'000
<b>Operating activities</b>			
Cash utilised by operations	14	(201,196)	(56,411)
Interest received	5	47,766	42,598
Income tax paid		(34,994)	(4,104)
		(188,424)	(17,917)
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(217,088)	(74,957)
Purchase and development of biological assets	10(i)	(8,855)	(7,065)
Proceeds from disposal of property, plant and equipment		632	1
		(225,311)	(82,021)
<b>Financing activities</b>			
Dividend paid		(431,200)	(352,800)
Lease payments		(1)	(3)
		(431,201)	(352,803)
<b>Decrease in cash and cash equivalents</b>		(844,936)	(452,741)
<b>Movement in cash and cash equivalents</b>			
At start of year		1,656,219	1,670,124
Decrease in cash and cash equivalents		(844,936)	(452,741)
Effect of exchange rate differences on cash and cash equivalents	4	29,683	(19,072)
		840,966	1,198,311
At end of period	11	840,966	1,198,311

The notes on pages 11 to 18 are an integral part of these consolidated and separate interim financial statements.

## Notes

### 1. General information

Kakuzi Plc is incorporated in Kenya under the Kenyan Companies Act 2015 as a public limited liability company and is domiciled in Kenya.

### 2. Basis of preparation and changes to the Group's accounting policies

#### 2.1 Basis of preparation

These interim financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). These interim financial statements are presented in the functional currency, Kenya Shillings (Shs), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the carrying of biological assets and agricultural produce at fair values less costs to sell.

These unaudited interim consolidated and company financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's last annual consolidated and company financial statements as at and for the year ended 31 December 2021 ('last annual financial statements'). Selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual financial statements. Where necessary, comparative figures have been adjusted to conform with presentation in the current year.

The Consolidated and Company statement of profit or loss and other comprehensive income are presented as one and the same since the subsidiaries are dormant and did not have any transactions during the period.

#### 2.2 Use of judgements and estimates

In preparing these interim consolidated and company financial statements, the Directors have made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

#### 2.3 New standards, interpretations and amendments adopted by the Group.

The accounting policies adopted in the preparation of the interim consolidated and company financial statements are consistent with those followed in the preparation of the last annual financial statements, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**2.4** Costs that incur unevenly during the financial year are anticipated or deferred in the interim only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

**2.5** Income tax expense is recognised based on the annual income tax rate expected for the full financial year. The annual tax rate used for 2022 is 30% (2021 was 30%).

## Notes (continued)

### 2 Basis of preparation and changes to the Group's accounting policies (continued)

#### 2.6 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The following comparative figures and presentations has been made.

- The presentation of the statement of consolidated and separate statement of profit or loss, other comprehensive income and finance costs have been changed to present other income or expenses arising from net foreign exchange gains/losses on cash and cash equivalents as part of other income on Note 4 as opposed to them being presented together with finance costs or together with interest income calculated based on effective interest rate method in accordance IAS 1.82(a) (as updated from 1 January 2018). The standard explicitly requires that entities to present a specific line called, "Interest revenue, calculated using the effective interest method" within their Revenue, implying that interest revenue calculated using the effective interest rate method (EIR) would now need to be differentiated from interest income calculated using other methods and presented separately.

The net exchange gains on foreign currency cash and cash equivalents have been reclassified from finance costs to other income as follows:

2021 interim financial statements item:	Shs'000	Change in presentation
Other income as previously reported	13,736	
Net exchange loss on foreign currency cash and cash equivalents	(19,072)	Reclassified from finance costs
Other income as restated	<u>(5,336)</u>	
Finance costs as previously reported	(19,105)	
Net exchange loss on foreign currency cash and cash equivalents	19,072	Reclassified to other income
Finance costs as restated	<u>(33)</u>	

- The interest income has been split to show interest income on short term deposits and interest on infrastructure bonds to enhance presentation as follows:

	Shs'000	
Interest income on short term bank deposits	30,098	Split between interest on short term deposits and infrastructure bonds
Interest income on infrastructure bonds	12,500	
Interest income	<u>42,598</u>	

### 3. Segmental reporting - Group

Directors have determined the operating segments based on the reports reviewed by the Executive Directors to make strategic decisions.

The Group operates in two geographical areas, Makuyu and Nandi Hills, under several operating segments. The principal operating segments currently consist of Avocados, Macadamia, Tea and Forestry. The business activities of livestock, joint projects and blueberries are included under "all other segments" as they individually fall below the threshold of 10% of Group sales.

Segmental assets consist primarily of property, plant and equipment, biological assets, inventories, receivables and prepayments. Unallocated assets are property, plant and equipment, inventories relating to Main Office and Engineering Stores. Segmental liabilities consist primarily of borrowings, payables and accrued expenses. Unallocated liabilities are taxes, borrowings and non-current liabilities.

Notes (continued)

3. Segmental reporting (continued)

The segment information for the reportable segments for the six months period ended 30 June 2022 and 30 June 2021 is as follows:

	2022 Tea Shs'000	2021 Shs'000	2022 Avocados Shs'000	2021 Shs'000	2022 Macadamia Shs'000	2021 Shs'000	2022 Forestry Shs'000	2021 Shs'000	2022 All other segments Shs'000	2021 Shs'000	2022 Consolidated Shs'000	2021 Shs'000
<b>Sales</b>												
Sales to external customers	124,114	107,664	184,574	166,242	470,051	396,278	184,720	153,243	63,033	65,522	1,026,492	888,949
<b>Comprising</b>												
Major external customers sales	124,114	107,664	117,973	137,253	445,151	385,383	-	-	-	-	687,238	630,300
All other external customers sales	-	-	66,601	28,989	24,900	10,895	184,720	153,243	63,033	65,522	339,254	258,649
	124,114	107,664	184,574	166,242	470,051	396,278	184,720	153,243	63,033	65,522	1,026,492	888,949
<b>Geographical analysis</b>												
UK & Continental Europe	-	-	117,973	137,253	-	-	-	-	-	-	117,973	137,253
Kenya	124,114	107,664	66,601	28,989	24,900	10,895	184,720	153,243	63,033	65,522	463,368	366,313
Others	-	-	-	-	445,151	385,383	-	-	-	-	445,151	385,383
	124,114	107,664	184,574	166,242	470,051	396,278	184,720	153,243	63,033	65,522	1,026,492	888,949

**Notes (continued)**

**3. Segmental reporting (continued)**

	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Tea		Avocados		Macadamia		Forestry		All other segments		Consolidated	
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>Profit/(loss)</b>												
Gross profit/(loss) before depreciation and fair value changes in non-current biological assets and intersegmental purchases	8,701	(16,184)	416,039	416,073	417,616	303,369	79,793	38,124	(28,813)	(27,351)	893,336	714,031
Intersegmental purchases	-	-	(18,922)	(5,417)	-	-	18,922	5,417	-	-	-	-
Depreciation charge	(7,256)	(8,234)	(56,169)	(55,930)	(48,163)	(41,375)	(4,460)	(3,508)	(24,527)	(23,609)	(140,575)	(132,656)
Changes in fair value of non-current biological assets	-	-	-	-	-	-	-	-	22,826	20,569	22,826	20,569
<b>Gross profit/(loss)</b>	1,445	(24,418)	340,948	354,726	369,453	261,994	94,255	40,033	(30,514)	(30,391)	775,587	601,944
Selling and Distribution costs	-	-	(52,373)	(41,232)	(30,482)	(25,329)	-	-	-	-	(82,855)	(66,561)
Segment profit/(loss)	1,445	(24,418)	288,575	313,494	338,971	236,665	94,255	40,033	(30,514)	(30,391)	692,732	535,383
Other income	2,485	2,481	-	-	-	-	-	-	41,267	(7,817)	43,752	(5,336)
Interest and other income	-	-	-	-	-	-	-	-	47,766	42,598	47,766	42,598
Finance costs	-	-	-	-	-	-	-	-	(33)	(33)	(33)	(33)
Unallocated admin expenditure	-	-	-	-	-	-	-	-	(289,549)	(295,949)	(289,549)	(295,949)
Profit/(loss) before income tax	3,930	(21,937)	288,575	313,494	338,971	236,665	94,255	40,033	(231,063)	(291,592)	494,668	276,663
Income tax expense	(1,219)	6,504	(89,488)	(92,947)	(105,116)	(70,168)	(29,229)	(11,869)	71,654	86,455	(153,398)	(82,025)
Profit/(loss) for the period	2,711	(15,433)	199,087	220,547	233,855	166,497	65,026	28,164	(159,409)	(205,137)	341,270	194,638
<b>Assets (all located in Kenya)</b>												
Segment assets	826,359	1,091,198	2,181,528	2,360,100	1,883,900	1,467,100	653,563	568,910	634,646	571,442	6,179,996	6,058,750
Unallocated assets	-	-	-	-	-	-	-	-	-	-	919,282	857,246
											7,099,278	6,915,996
<b>Liabilities</b>												
Segment liabilities	64,168	95,878	-	-	-	-	-	-	-	-	64,168	95,878
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	1,585,617	1,411,831
											1,649,785	1,507,709
<b>Additions</b>												
Property, plant and equipment	-	-	117,194	38,146	56,630	24,432	500	378	42,764	12,001	217,088	74,957
Biological assets	1,864	783	-	-	-	-	6,602	5,842	389	440	8,855	7,065
	1,864	783	117,194	38,146	56,630	24,432	7,102	6,220	43,153	12,441	225,943	82,022

**Notes (continued)**

	<b>6 months to 30 June 2022 Shs'000</b>	<b>6 months to 30 June 2021 Shs'000</b>
<b>4. Other income/(losses) – Group and company</b>		
Net foreign exchange gains/(losses) other than cash and cash equivalents	1,932	(884)
Net foreign exchange gains/(losses) on foreign currency cash and cash equivalent	29,683	(19,072)
Loss on disposal of property, plant and equipment	(2,077)	(97)
Rental income	2,372	2,560
Avocado and macadamia seedling sales	9,661	8,344
Sundry	2,181	3,813
	<u>43,752</u>	<u>(5,336)</u>
<b>5. Interest income and finance income/(costs) – Group and company</b>		
<b>Interest income</b>		
Interest income on short term bank deposits	35,266	30,098
Interest income on infrastructure bonds	12,500	12,500
	<u>47,766</u>	<u>42,598</u>
<b>Finance (costs)/income</b>		
Interest on lease liabilities	(33)	(33)
	<u>(33)</u>	<u>(33)</u>
Net finance costs	<u>(33)</u>	<u>(33)</u>
<b>6. Income tax – Group and company</b>		
Income tax expense is recognised based on the annual income tax rate expected for the full financial year. The annual tax rate used for 2022 is 30% (2021: 30%).		
Current income tax expense	(136,705)	(92,568)
Deferred income tax (expense)/credit	(16,693)	10,543
	<u>(153,398)</u>	<u>(82,025)</u>
<b>7. Basic and diluted earnings per ordinary share</b>		
Basic and diluted earnings per ordinary share are calculated on the profit attributable to the members of Kakuzi Plc and on the 19,599,999 ordinary shares in issue at 30 June 2022 and 30 June 2021.		
The Company had no potentially dilutive ordinary shares outstanding at 30 June 2022 or 30 June 2021.		
<b>8. Dividend</b>		
The directors do not recommend the payment of an interim dividend (2021: Nil).		

**Notes (continued)**

**9. Capital expenditure – Group and Company**

	<b>30 June 2022</b> <b>Shs'000</b>	<b>30 June 2021</b> <b>Shs'000</b>
<b>Property, plant and equipment</b>		
Opening net book value – 1 January	2,992,481	3,021,989
Capital expenditure – additions	217,088	74,957
Disposals	(2,709)	(98)
Depreciation	(140,575)	(132,656)
Closing net book value – 30 June	<u>3,066,285</u>	<u>2,964,192</u>

**10. Biological assets – Group and Company**

**(i) Non current biological assets**

Changes in carrying amounts of non current biological assets comprise :-

	<b>Livestock</b> <b>Shs'000</b>	<b>Group</b> <b>Plantations</b> <b>Shs'000</b>	<b>Total</b> <b>Shs'000</b>
<b>Period ended 30 June 2022</b>			
At 1 January 2022	156,684	637,000	793,684
Increase due to purchases and development	389	8,466	8,855
Gain arising from changes in fair value less costs to sell	22,826	-	22,826
Decrease due to harvest and sales	(21,534)	(13,308)	(34,842)
<b>At 30 June 2022</b>	<u>158,365</u>	<u>632,158</u>	<u>790,523</u>
<b>Period ended 30 June 2021</b>			
At 1 January 2021	145,664	582,499	728,163
Increase due to purchases and development	440	6,625	7,065
Gain arising from changes in fair value less costs to sell	20,569	-	20,569
Decrease due to harvest and sales	(23,698)	(15,915)	(39,613)
<b>At 30 June 2021</b>	<u>142,975</u>	<u>573,209</u>	<u>716,184</u>

**(ii) Current biological assets i.e growing agricultural produce**

Growing agricultural produce on bearer plants as at the reporting date

	<b>30 June 2022</b> <b>Shs'000</b>	<b>30 June 2021</b> <b>Shs'000</b>
Avocado	427,636	401,634
Macadamia	148,285	165,500
Blueberries	3,747	5,602
Tea	2,421	1,565
	<u>582,089</u>	<u>574,301</u>

The gain arising from changes in fair value of the growing agricultural produce on bearer plants is included within cost of production.

**Notes (continued)**

**11. Cash and cash equivalents – Group and Company**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following: -

	<b>30 June 2022</b> <b>Shs'000</b>	<b>30 June 2021</b> <b>Shs'000</b>
Cash at bank and in hand	97,929	17,986
Short term deposits	743,037	1,180,325
	<hr/>	<hr/>
	840,966	1,198,311
	<hr/> <hr/>	<hr/> <hr/>

**12. Financial assets held at amortised cost – Group and Company**

	<b>30 June 2022</b> <b>Shs'000</b>	<b>30 June 2021</b> <b>Shs'000</b>
At start of the year	200,000	200,000
Redeemed in the period	-	-
	<hr/>	<hr/>
At end of period	200,000	200,000
	<hr/> <hr/>	<hr/> <hr/>
Non current portion	100,000	200,000
Current portion	100,000	-
	<hr/>	<hr/>
	200,000	200,000
	<hr/> <hr/>	<hr/> <hr/>

**13. Capital commitments – Group and Company**

	<b>30 June 2022</b> <b>Shs'000</b>	<b>30 June 2021</b> <b>Shs'000</b>
Capital expenditure contracted for at the statement of financial position date but not recognised in the consolidated interim financial statements is as follows:-		
Property, plant and equipment	34,245	49,237
	<hr/>	<hr/>
	34,245	49,237
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**14. Cash generated from operations – Group and Company**

Reconciliation of profit before income tax to cash generated from operations:

	<b>Notes</b>	<b>6 months to 30 June 2022 Shs'000</b>	<b>6 months to 30 June 2021 Shs'000</b>
Profit before income tax		494,668	276,663
Adjustments for:			
Interest income	5	(47,766)	(42,598)
Net exchange (gain)/loss on foreign currency cash and cash equivalents	4	(29,683)	19,072
Depreciation	9	140,575	132,656
Loss on sale of property, plant and equipment		2,077	97
Depreciation of right of use assets		50	49
Interest costs on adoption of IFRS 16	5	33	33
Gain arising from changes in fair value less cost to sell of non current biological assets	10(i)	(22,826)	(20,569)
Decrease in fair value of biological assets due to sales and harvest and disposal	10(i)	34,842	39,613
Fair value movement in biological assets – growing agricultural produce		(227,326)	(209,531)
Changes in working capital:			
- Increase in inventories (including fair value movement in biological assets)		(784,247)	(465,393)
- Decrease in receivables and prepayments		55,106	104,442
- Increase in payables and accrued expenses		172,105	96,275
- Increase in post employment benefit obligations		11,196	12,780
		<hr/>	<hr/>
Cash utilised by operations		(201,196)	(56,411)
		<hr/> <hr/>	<hr/> <hr/>

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