



### Performance

In this financial year, the reassuring news is that turnover increased by 21%, although primarily due to inflation in commodity prices. However, profit before tax declined by 19%, despite substantial foreign exchange gains.

Based on our longer term perspective, we continue to invest in modernising and expanding our production capacities to enable future volume growth. An example of this is that of the Nairobi Feeds plant upgrade which was completed during the year and an additional production line which was installed at our packaging subsidiary. Furthermore, plans to upgrade our flour milling facilities are being progressed.

In spite of the depressed results, the Board is pleased to recommend the payment of a first and final dividend of Shs 0.75 per share, as we did last year, subject to approval by the shareholders at the Annual General Meeting to be held on 5 December, 2012.

### Company

The Board is continually evaluating investment opportunities in new products with value addition targeted at existing and emerging markets, that fit with our resources and expertise. Coupled with this, we are constantly seeking improvements and ways to leverage our production and distribution processes.

In line with our belief that as you sow, so shall you reap, we are committed to CSR principles by working with needy and vulnerable groups in various income-generating projects to improve their livelihoods.

### Future Outlook

As we look to the next two to three years, we anticipate that profits will continue to come under pressure as a consequence of continued inflationary increases in commodity prices, rising operational costs and unfavourable exchange rates. All this will make it difficult to recover lost margins in the near term and a challenge to improve upon them in the long term.

To address this situation realistically, and to ensure sustained growth and enhanced shareholder value, the Group is committed to:

- Adoption of innovative production and distribution processes, to gain necessary competitive advantage;
- Continued focus on the long-term goal of building its core business of milling and distributing superior quality human flour and animal nutrition products, through plant modernisation and increased market coverage;
- Constant investment in our people through training and development, linked with the adoption of best operational and management practices;
- Looking at Kenya and East Africa with an eye for new growth and investment opportunities. To this end, we continue to explore and evaluate value added partnership and acquisition opportunities to expand geographical coverage where there is a synergy based on our market knowledge, distribution leverage and respected product range.

## Chairman's Statement



### Appreciation

In conclusion, I wish to take this opportunity to convey my appreciation to my fellow directors for their support and diligence and to the management and staff for their hard work and dedication which made it possible to realise the good results.

I wish also, on behalf of my fellow directors, to recognise and appreciate the significant contributions made by Mr. Richard Kemoli, the long serving immediate past Chairman, and Mr. Jeremiah Kiereini, the equally long serving Director.

A handwritten signature in black ink, appearing to read "I Ochola-Wilson".

**I Ochola- Wilson (Mrs)**  
Chairman