

## HALF YEAR RESULTS

The directors are pleased to announce the un-audited financial results for the six months ended 31 December 2016

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2016 Shs'000	2015 Shs'000
Turnover	10,246,913	10,519,764
Operating Profit	172,993	492,724
Other Income	33,111	9,389
Finance Income/(Cost)	15,118	(5,596)
Forex loss	(29,783)	(32,626)
<b>Profit Before Taxation</b>	<b>191,439</b>	<b>463,892</b>
Taxation	(58,567)	(136,703)
<b>Profit for the year</b>	<b>132,873</b>	<b>327,189</b>
<b>Attributable to:</b>		
Owners of the parent	92,540	214,095
Non-controlling interest	40,333	113,094
	<b>132,873</b>	<b>327,189</b>
<b>Basic and diluted earnings per share</b>	<b>Kshs 1.22</b>	<b>Kshs 2.83</b>

### CONDENSED STATEMENT OF FINANCIAL POSITION

	31 Dec 2016 Shs'000	31 Dec 2015 Shs'000
<b>ASSETS</b>		
Non Current Assets	3,642,721	3,249,555
Current Assets	6,567,239	6,318,725
<b>Total Assets</b>	<b>10,209,960</b>	<b>9,568,280</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	378,535	378,535
Reserves	3,266,594	3,149,924
Minority Interests	2,063,194	2,038,648
Non-Current Liabilities	971,311	1,192,878
Current Liabilities	3,530,326	2,808,295
<b>Total Equity and Liabilities</b>	<b>10,209,960</b>	<b>9,568,280</b>

### CONDENSED STATEMENT OF CASH FLOWS

	31 Dec 2016 Shs'000	31 Dec 2015 Shs'000
Cash generated from operations	548,601	(242,910)
Tax Paid	(99,678)	(92,397)
Net cash from/(used in) operating activities	448,923	(335,308)
Net cash from/(used in) investing activities	(397,217)	(120,627)
Net cash from/(used in) financing activities	(60,475)	(83,504)
Net increase in cash and & cash equivalents	(8,769)	(539,439)
At the beginning of the period	1,102,359	1,192,705
At the end of period	<b>1,093,590</b>	<b>653,266</b>

### CONDENSED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders Shs'000	Non- controlling interest Shs'000	Total Sh'000
<b>At 1 July 2016</b>	<b>3,631,420</b>	2,065,309	<b>5,696,729</b>
Profit for the year	92,540	40,333	132,873
Other comprehensive Income for the year	(2,031)	(1,094)	(3,124)
<b>Total comprehensive income for the year</b>	<b>90,509</b>	<b>39,239</b>	<b>129,748</b>
Dividend paid to shareholders	(75,707)		(75,707)
Dividend paid to non - controlling interests	-	(40,765)	(40,765)
<b>At 31 December 2016</b>	<b>3,646,222</b>	<b>2,063,783</b>	<b>5,710,005</b>

### COMMENTARY

Revenue and profit before tax declined by 2.6% and 58.7% respectively compared to prior year. While overall sales volumes declined marginally over prior year, wheat flour volumes increased, maize flour and major category animal feed volumes reduced over prior year.

The adverse climate that prevailed in the region during the first half of the financial year, and non-availability of quality maize grain posed a significant challenge in the ability to produce maize meal and animal feeds at full capacity and at competitive prices. In addition, high raw material costs and lower volumes resulted in reduced margins.

The general slowdown in demand and trading difficulties associated with the formal retail sector has affected the Company's human nutrition businesses in both Kenya and Uganda; this situation is not expected to improve over the remaining period of the financial year.

Manufacturing overheads, selling and general administration expenses increased in the period compared to prior year. This was a consequence of increased investments in human resources, marketing spend and increased amortization of the recently commissioned ERP system.

The Ugandan subsidiary continued to face challenges from increased competitive pressure leading to depressed selling prices. The profitability was also impacted by significant local currency depreciation against the US dollar, resulting in an operating loss for the period.

The Bakery business is undergoing a restructuring exercise to drive efficiency as well as to improve product offering and market presence. Selected in-store bakery outlets have been closed in order to consolidate certain business operations at the central bakery.

The new grain silo facility at Eldoret has been commissioned thereby easing storage constraints at the plant. Silo rehabilitation and grain receiving yard projects at Commercial Street, along with the fish feed plant projects are nearing completion. These projects will improve in-bound supply chain efficiency as well as enhance our product portfolio.

The maize grain shortage is expected to remain a major challenge for the remainder of the year due to adverse weather. The Company has initiated various business performance improvement initiatives across all of its operations. These are expected to deliver improved results in the second half of the year.

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

**BY ORDER OF THE BOARD**  
W Jumba  
Company Secretary