

The directors are pleased to announce the audited financial results for the year ended 30 June 2018.

CONSOLIDATED STATEMENT OF INCOME

	30 June 2018 Shs'000	30 June 2017 Shs'000 Restated
Revenue	19,982,070	19,528,785
Operating profit	1,273,403	237,868
Finance income	116,649	67,415
Finance costs	-90,786	-76,933
Profit before tax	1,299,266	228,350
Tax expense	-510,492	-116,438
Profit for the year from continuing operations	788,774	111,912
Profit for the year from discontinued operations	-5,571	-118,951
Profit for the period	783,203	-7,039
Attributable to:		
Owners of the parent	509,082	37,371
Non-controlling interest	274,121	-44,410
	783,203	-7,039
Basic and diluted earnings per share (Shs)		
From continuing operations	6.77	1.51
From discontinued operations	-0.05	-1.02
Total	6.72	0.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2018 Shs'000	30 June 2017 Shs'000 Restated
Assets		
Non-Current Assets	3,336,842	2,855,945
Current Assets	6,595,822	6,599,371
Total Assets	9,932,664	9,455,316
Equity and Liabilities		
Share Capital	378,535	378,535
Reserves	3,409,356	2,981,744
Minority Interests	1,821,184	1,550,166
Non-Current Liabilities	1,244,070	564,327
Current Liabilities	3,079,519	3,980,544
Total Equity and Liabilities	9,932,664	9,455,316

CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2018 Shs'000	30 June 2017 Shs'000 Restated
Cash generated from operations	-116,469	1,818,645
Tax Paid	-33,501	-175,985
Net cash (used in)/from operating activities	-237,102	1,595,319
Net cash used in investing activities	-878,309	-801,854
Net cash from/(used in) financing activities	492,095	-191,113
Net (decrease)/ increase in cash and & cash equivalents	-623,315	602,352
At the beginning of the period	1,714,755	1,102,359
Effects of exchange rate changes	-2,985	10,044
At the end of period	1,088,455	1,714,755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders Shs'000	Non-controlling interest Shs'000	Total Sh'000
At 1 July 2018 Restated	3,360,279	1,550,166	4,910,445
Profit for the year	509,082	274,121	783,203
Other comprehensive Income for the year	-5,763	-3,103	-8,866
Total comprehensive income for the year	503,319	271,018	774,337
Dividend paid to shareholders	-75,707		-75,707
At June 2018	3,787,891	1,821,184	5,609,075

COMMENTARY

The Group's sales revenue grew by 2% over prior year. Profit before tax from continuing operations improved by 469%, a notable recovery from the very depressed performance of the prior year. Discontinuation of operations at the Ugandan subsidiary shielded the Group from some of the losses suffered in the preceding year, in which an investment impairment was recorded. In the animal nutrition and health business, overall feed volumes increased significantly with most categories recording positive growth. This was attributable to the sustained supply of competitively priced and high quality products, supported by effective sales and marketing strategies. The availability of well-priced yellow maize ensured that farmers were able to realise a fair return on their production of meat, milk and eggs.

The human nutrition business experienced mixed performance. During the first half of the year, the Government-directed maize subsidy program enabled the Company to sell its Jogoo® and Hodari® brands at the same price as the competition; consumers responded positively, an affirmation that the brands remain a preferred choice for many. Unfortunately, the Company was not allowed to sell Hostess®, its premium maize meal brand, during the same period, leading to the loss of loyal customers; slow but positive progress to regain market presence has been made during the second half of the year. After a very successful first half, low demand and aggressive price-based competition leading to an unfavourable grain inventory position marred the second half. Porridge (Famila®), pulses and rice (Amana®) volumes experienced solid growth over prior year, driven by increased marketing activities and improved penetration.

The Group continues to roll-out the new strategy for Ennsvalley bakery business to recover its revenue base following closure of all in-store operations with Nakumatt; of which one element is opening new in-store counters in partnership with leading supermarket chains.

During the year, the Company introduced new products whose penetration efforts are ongoing. Fugo® tilapia fish feeds are now widely available and exploration of regional market opportunities is ongoing.

The new 300 tonnes per day wheat mill in Eldoret is scheduled for commissioning in October 2018. The Company will be installing a soya meal production facility at the Dakar Road plant during the course of the 2018/19 FY.

Future outlook

With the prevailing depressed demand and increased competition in the flour milling business, the 2018/19 FY is expected to be difficult and less profitable. Furthermore, any fiscal measures that will increase the cost of doing business will negatively impact performance. The Board will continue to apply strategies to ensure best performance under the prevailing circumstances.

The Board is pleased to recommend payment of a first and final dividend of Sh 1.00 per share. This is subject to approval by the shareholders at the Annual General Meeting to be held on 6 December 2018.

Subject to the shareholders' approval at the Annual General Meeting, the Register of Members will be closed for one day from the close of business on 6 December 2018 to the close of business on 7 December 2018.

The dividend will be paid on or about 31 January 2019 to the shareholders registered in the books of the Company at the close of business on 6 December 2018.

By order of the Board

W Jumba
Company Secretary

27 September 2018