



FULL YEAR RESULTS

The directors are pleased to announce the audited financial results for the year ended 30 June 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June	2021 Shs'000	2020 Shs'000
Revenue	17,812,638	17,569,967
Operating profit	616,202	299,781
Finance income	19,597	18,537
Finance costs	(150,567)	(200,228)
Profit before tax	485,232	118,090
Tax expense	(178,267)	(25,403)
Profit from continuing operations	306,965	92,687
Loss from discontinuing operations	(13,488)	(26,526)
Profit for the year	293,477	66,161
Attributable to:		
Owners of the parent	179,175	34,146
Non-controlling interest	114,302	32,015
	293,477	66,161
Basic and diluted earnings per share (Shs)	2.39	0.45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	30 June 2021	30 June 2020
	Shs'000	Shs'000
ASSETS		
Non-Current Assets	3,717,418	4,137,927
Current Assets	6,046,775	7,912,949
Assets held for sale	284,586	-
Total Assets	10,048,779	12,050,876

EQUITY AND LIABILITIES

Share Capital	378,535	378,535
Share Premium	73,148	73,148
Reserves	3,837,626	3,588,972
Minority Interests	2,161,955	2,050,498
Non-Current Liabilities	921,224	941,340
Current Liabilities	2,676,291	5,018,383
Liabilities associated with assets held for sale	61,350	-
Total Equity and Liabilities	10,048,779	12,050,876

CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2021	30 June 2020
	Shs'000	Shs'000
Cash generated from operations	1,213,305	868,681
Tax paid	(48,013)	(82,738)
Interest paid	(114,702)	(179,688)
Net cash from operating activities	1,050,590	606,255
Net cash used in investing activities	(133,507)	(476,209)
Net cash used in financing activities	(59,110)	(297,476)
Net decrease in cash and cash equivalents	857,973	(167,230)
At the beginning of the period	661,486	841,338
Effects of exchange rate changes	1,591	(12,422)
At the end of period	1,521,050	661,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs'000	Share premium Shs'000	Other Reserves Shs'000	Revenue reserve Shs'000	Equity attributable to equity holders Shs'000	Non- controlling interest Shs'000	Total Sh'000
At 1 July 2020	378,535	73,148	(41,298)	3,630,270	4,040,655	2,050,498	6,091,153
Profit for the year	-	-	-	179,175	179,175	114,302	293,477
Other comprehensive Income for the year	-	-	8,129	-	8,129	(2,845)	5,284
Total comprehensive income for the year	-	-	8,129	179,175	187,304	111,457	298,761
At 30 June 2021	378,535	73,148	(33,169)	3,809,445	4,227,959	2,161,955	6,389,914

COMMENTARY

The Group's revenue and profit for the year from continuing operations increased 1% and 343% respectively.

Overall operating profit was impacted by reduced margins, re-organisation and finance costs. Compared to prior year, interest expense reduced because of re-structuring of banking facilities.

International wheat prices increased by at least 30% during the year due to poor harvest and adverse fiscal measures imposed by some of the leading exporting economies. Other basic raw material prices were relatively high in the period; however, with the onset of the local maize harvest, maize prices remained stable from the second quarter to the end of the financial year.

Depreciation of the Kenya Shilling against the US Dollar impacted importation costs and led to substantial forex losses.

Credit risk remained high, but the Group made every effort to accommodate its customers to ensure product availability.

The Company received payment for grain supplied in support of the government-led maize subsidy program in 2017. The interest element of the debt remains outstanding. The long outstanding tax refunds were also received during the year ending a protracted litigation process. Both receipts improved profit for the year.

The animal nutrition business broadened its portfolio further with the introduction of K9® Dog Food. Opportunities in new product lines continued to be explored; necessary investments are being made to bring these on-going initiatives to fruition.

Subsequent to the end of the financial year, the Company entered agreements with Nutreco BV to form two joint ventures; one to expand aquafeed production and marketing capability in the region, the other to manufacture animal feed and expand the sale of feed premixes in Uganda. Agreement was also reached with Big Cold Kenya Limited to buy its bakery business and assets. Both transactions are expected to be closed in the first half the year 2021-22. The financial statements have presented the results of the discontinuing operations with respect to the bakery and the aquafeed businesses separately as results of discontinuing operations. The assets and liabilities associated with the Nutreco and BigCold transactions are reported separately as held for sale.

Outlook

Short-term performance is expected to remain subdued because of the prevailing high raw material prices, particularly for wheat and soybean. The Company will continue to lobby the authorities to allow for importation of alternative and lower cost raw materials. This will ease pressure on prices and therefore improve affordability.

The zero-rating of flour effective from 1st July is a welcome move to cushion consumers against price inflation. Animal feeds however remain VAT exempt, and this negatively affects prices of farm inputs.

The new joint ventures and continued operational re-organization will set the company in a growth trajectory. More value-add partnership opportunities will be pursued while advancing automation opportunities in the base business.

The ongoing initiatives will require substantial cash investments. There is therefore a need to ensure that the existing businesses maintain healthy liquidity levels in the current tough economic conditions.

The Directors do not recommend the payment of a dividend.

By order of the Board

W Jumba
Company Secretary
28 September 2021