

STATEMENT OF FINANCIAL POSITION	Group		Company	
ASSETS	30-Sep-24 Ksh '000	30-Sep-23 Ksh '000	30-Sep-24 Ksh '000	30-Sep-23 Ksh '000
NON-CURRENT ASSETS				
Property, plant and equipment	20,655,128	11,151,429	14,483,178	7,304,773
Capital work-in-progress	187,643	200,955	79,768	62,398
Intangible assets	8,553	8,895	7,982	6,100
Biological assets	966,138	1,217,362	190,817	255,503
Right of use asset	49,331	59,193	39,352	49,191
Investment in subsidiaries	-	-	638,227	637,727
Other investments	158,786	247,806	-	-
	<u>22,025,579</u>	<u>12,885,640</u>	<u>15,439,324</u>	<u>8,315,692</u>
CURRENT ASSETS				
Inventories	845,968	1,216,682	189,484	469,583
Biological assets	221,634	223,174	155,315	191,306
Trade and other receivables	1,128,025	1,065,898	154,670	245,233
Current income tax recoverable	33,871	33,978	21,912	24,072
Amount due from related companies	-	-	340,977	91,113
Short term deposits	-	2,317	-	-
Cash and Bank balances	929,462	871,119	139,684	99,662
	<u>3,158,960</u>	<u>3,413,168</u>	<u>1,002,042</u>	<u>1,120,969</u>
TOTAL ASSETS	<u>25,184,539</u>	<u>16,298,808</u>	<u>16,441,366</u>	<u>9,436,661</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	228,055	228,055	228,055	228,055
Reserves	20,500,156	13,311,983	13,864,769	7,914,544
	<u>20,728,211</u>	<u>13,540,038</u>	<u>14,092,824</u>	<u>8,142,599</u>
Non-controlling interest	519,770	269,536	-	-
Total equity	<u>21,247,981</u>	<u>13,809,574</u>	<u>14,092,824</u>	<u>8,142,599</u>
Non-current liabilities				
Deferred tax liability	3,225,076	1,905,466	2,091,237	1,067,150
Lease liability	38,837	47,363	38,837	47,363
Post-employment benefits	144,395	117,025	19,505	21,364
	<u>3,408,308</u>	<u>2,069,854</u>	<u>2,149,579</u>	<u>1,135,877</u>
Current liabilities				
Amounts due to related companies	-	-	22,518	21,877
Trade and other Payables	422,016	368,990	166,073	99,925
Lease liability	8,526	6,637	8,526	6,637
Current income tax payable	80,159	-	-	-
Post-employment benefits	17,549	14,871	1,846	864
Bank Loan	-	28,882	-	28,882
	<u>528,250</u>	<u>419,380</u>	<u>198,963</u>	<u>158,185</u>
TOTAL EQUITY AND LIABILITIES	<u>25,184,539</u>	<u>16,298,808</u>	<u>16,441,366</u>	<u>9,436,661</u>

	Group		Company	
CASHFLOW STATEMENT	30-Sep-24 Ksh '000	30-Sep-23 Ksh '000	30-Sep-24 Ksh '000	30-Sep-23 Ksh '000
Cash flows from operating activities				
Net cash flow generated / (used) from operations	390,779	339,041	253,964	(62,917)
Gratuity paid	(25,857)	(29,579)	(3,088)	(1,745)
Interest paid on lease liability	(6,021)	(6,746)	(6,021)	(6,746)
Income taxes paid	(33,595)	(586,193)	(7,816)	(97,722)
Net cash generated from / (used in) operating activities	325,306	(283,477)	237,039	(169,130)
Cash flows from investing activities				
Interest received	65,679	105,869	2,138	17,389
Redemption of other investments	107,996	29,408	-	-
Gain on redemption of other investments	(21,473)	-	-	-
Proceeds from short- term deposits	-	-	-	165,269
Placement of short- term deposits	2,317	464,829	-	-
Purchase of property, and equipment	(87,823)	(191,577)	(30,808)	(47,619)
Purchase of capital work- in -progress assets	(148,325)	(141,950)	(21,843)	(14,287)
Purchase of intangible assets	-	(242)	-	-
Investments in Subsidiary	-	-	(500)	-
Proceeds from sale of property, and equipment	6,831	38,526	3,543	798
Net cash (used in) / generated from investing activities	(74,798)	304,863	(47,470)	121,550
Cash flows from financing activities				
Interest paid on other borrowings	(42,618)	(17,030)	-	(17,030)
Payment of lease liability - principal	(6,637)	(5,029)	(6,637)	(5,029)
Borrowing received	1,668,389	816,566	-	816,566
Borrowing repaid	(1,697,271)	(787,684)	(28,882)	(787,684)
Dividend paid on ordinary shares	(114,028)	(228,056)	(114,028)	(228,056)
Net cash (used) in financing activities	(192,165)	(221,233)	(149,547)	(221,233)
Net increase / (decrease) in cash and cash equivalents	58,343	(199,847)	40,022	(268,813)
Cash and cash equivalents at the beginning of the year	871,119	1,088,406	99,662	368,475
Effects of movement in exchange rates on cash	-	(17,440)	-	-
Cash and cash equivalents at the end of the year	929,462	871,119	139,684	99,662

COMMENTARY FOR THE YEAR ENDED 30th SEPTEMBER 2024

The Group's business performance for the year ended below expectation with the global economic situation adversely affecting all our business lines. The poor weather conditions in the earlier part of the year negatively impacted the crop production cycles, directly derailing our agricultural operations on both fronts of the crop quality and especially volumes. The year was marked by unprecedented reforms and changes effectively closing several revenue and profit lines and increasing the cost of doing business in our coffee value chain. This was worsened by the geopolitical issues in the Middle East that directly affected our logistical ability to deliver goods to Europe within reasonable shipping time, mainly the perishable avocado produce which faced major quality deterioration on arrival occasioned by double the shipment times due to the closure of the Suez Canal. We suffered from depressed commodity prices, and lower market demand for two of our products. Macadamia nuts to the USA market due to the continued effects of the recession in that country. Collapse of tea prices in the global markets due to over-production and accumulation of tea stocks in Kenya from previous seasons.

The strengthening of the local currency against the major currencies in the second quarter also affected the business environment. Due to the Tea glut in the auction, we were unable to get our major private buyers to execute any long-term contracts as prices stayed well below cost of production. Similarly, spot offers to the same buyers did not attract profitable pricing and resulted in loss-making sales.

The high cost of production driven by escalated input costs of fertilizer and increased cost of power, lower-than-expected production volumes, made the issues worse. Consequently, the financial performance of most of the units was adversely affected. Only the coffee trading unit was profitable. The tea, avocado, macadamia and the coffee estates were severely affected and performed poorly.

Despite these business drawbacks, the management focused on mitigating the losses and laying grounds for returning to profitability in the coming years. The turnover increased by 20.1% to Kes. 6.89 billion from Kes. 5.72 billion in the previous year. The cost of sales also increased by 45.1% to Kes. 6.30 billion from Kes. 4.35 billion in the previous year.

Overall, The Group attained a loss after tax (including the changes in the fair value of biological assets) of Kes. 562.8 million compared to the previous year profit of Kes. 542.6 million.

Nonetheless, the Group maintained a strong liquidity position despite the lower-than-projected profitability, and heavy outflows during the year. The year closed with cash and demand deposits balance of Kes. 929.5 million (including uncleared effects) and long-term infrastructure bonds of Kes 158.8 million (included under non-current investments).

Our liquidity position is therefore stable and firm and is well poised to sustain the company in driving forward and achieving profitable growth. We, however, continue to focus on making prudent business decisions to mitigate the challenges faced and aim to continue delivering the desired results in the future.

OUTLOOK

The market and economic situation remains significantly challenging both at the domestic and international levels, aggravated by several disruptions in the value chain. To this end, we have taken a strong and prudent approach towards managing costs and have been doing this the whole year as we aim to weather these headwinds we are facing in the business. We continue to drive hard to achieve the best results in the future despite the challenges facing each business unit.

DIVIDEND

In view of the results, the Directors do not recommend the payment of a dividend.

ANNUAL GENERAL MEETING
NOTICE IS HEREBY GIVEN THAT THE SEVENTY THIRD (73RD) ANNUAL GENERAL MEETING of the Company will be held via electronic communication on **Thursday, 6 March 2025 at 11.00 a.m.** Formal notice of the meeting will follow.

Mr. Martin R. Ochien'g, MBA, BSc.
Group Managing Director
10th January 2025