

HALF YEAR RESULTS

The directors announce the un-audited financial results for the six months ended 31 December 2019.

CONSOLIDATED STATEMENT OF INCOME

6 months ended December	2019	2018
	Shs'000	Shs'000
Revenue	10,033,267	9,034,206
Operating profit	251,668	421,640
Other (expense)/income	(56,841)	41,080
Forex gain/(loss)	24,594	(25,350)
Profit before tax	219,421	437,370
Tax expense	(68,099)	(131,082)
Profit for the period	151,322	306,288
Attributable to:		
Owners of the parent	94,561	195,645
Non-controlling interest	56,761	110,643
	151,322	306,288
Basic and diluted earnings per share (Shs)	1.25	2.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	2019	2018
	Shs'000	Shs'000
Assets		
Non-current assets	4,033,152	3,861,266
Current assets	6,301,736	6,452,549
Total Assets	10,334,888	10,313,815
Equity and Liabilities		
Share capital	378,535	378,535
Reserves	3,751,468	3,492,117
Non-controlling interest	2,070,440	2,048,174
Non-current liabilities	1,222,842	1,283,590
Current liabilities	2,911,603	3,111,399
Total Equity and Liabilities	10,334,888	10,313,815

CONSOLIDATED STATEMENT OF CASH FLOWS

6 months ended December	2019	2018
	Shs'000	Shs'000
Cash (absorbed by)/ generated from operations	(503,423)	422,338
Tax Paid	(39,514)	(472,888)
Net cash used in operating activities	(542,937)	(50,550)
Net cash used in investing activities	(54,936)	(188,557)
Net cash (used)/from financing activities	(96,265)	54,787
Net decrease in cash and & cash equivalents	(694,138)	(184,320)
At the beginning of the period	651,296	1,085,246
At the end of period	(42,842)	900,926

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders Shs'000	Non-controlling interest Shs'000	Total Sh'000
At 1 July 2019	4,039,529	2,015,881	6,055,410
Profit for the period	94,562	56,760	151,322
Other comprehensive Income for the period	(4,088)	(2,202)	(6,290)
Total comprehensive income for the period	90,474	54,558	145,032
At 31 December 2019	4,130,003	2,070,439	6,200,442

COMMENTARY

Revenue increased by 11% over prior period driven by the human nutrition business.

The decline in profit before tax is attributable to reduced volumes in the animal nutrition segment and increased cost of maize and wheat grains, attributable to unfavourable local weather conditions and rallying world wheat prices. In addition to low consumer demand, local farmers faced increased competition from imports of farm produce from the region, specifically in the poultry and dairy sectors.

The Kenya Shilling remained strong against the US Dollar. Compared to prior period, finance costs increased due to CAPEX and working capital related borrowing.

Outlook

The continued low consumer demand coupled with excess production capacity, aggressive finished product pricing across the industry and restricted maize grain supply will remain a challenge. The Board and management will continue to work on strategies to deliver improved performance.

The slow pace of Value Added Tax refunds will continue to strain our cash flows and in turn increase finance costs.

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

PROFIT WARNING

Unga Group Plc (the Company) makes this announcement pursuant to Regulation G.05 (1) (f) and (2) of the Nairobi Securities Exchange Listing Manual and Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations, 2002.

Based on the Company's unaudited financial results for the first six months ended 31 December 2019 and the Company's second half forecast, profit for the full year is likely to be at least 25% lower than prior year.

BY ORDER OF THE BOARD

W Jumba
Company Secretary

27 February 2020