



## HALF YEAR RESULTS

The directors are pleased to announce un-audited financial results for six months ended 31 December 2021.

### Consolidated Statement of Income

	2021 Shs'000	2020 Shs'000
Revenue	8,822,553	9,742,012
Operating profit	79,335	217,896
Finance Income	32,628	8,152
Finance Costs	(128,706)	(103,504)
<b>Profit before tax</b>	<b>(16,743)</b>	<b>122,544</b>
Tax expense	25,195	(39,068)
<b>Profit for the period</b>	<b>8,452</b>	<b>83,476</b>
<b>Attributable to:</b>		
Owners of the parent	207	47,904
Non-controlling interest	8,245	35,572
	<b>8,452</b>	<b>83,476</b>
<b>Basic and diluted earnings per share (Shs)</b>	<b>0.003</b>	<b>0.63</b>

### Consolidated Statement of Financial Position

	2021 Shs'000	2020 Shs'000
<b>Assets</b>		
Non-Current Assets	3,810,048	4,056,010
Current Assets	6,095,873	5,695,089
<b>Total Assets</b>	<b>9,905,921</b>	<b>9,751,099</b>
<b>Equity and Liabilities</b>		
Share Capital	378,535	378,535
Reserves	3,846,490	3,700,531
Minority Interests	2,168,509	2,080,960
Non-Current Liabilities	820,524	1,057,971
Current Liabilities	2,691,863	2,533,102
<b>Total Equity and Liabilities</b>	<b>9,905,921</b>	<b>9,751,099</b>

### Consolidated Statement of Cash Flows

	2021 Shs'000	2020 Shs'000
Cash generated from operations	(319,371)	266,858
Tax Paid	(97,777)	(17,583)
Net cash(used)/from in operating activities	(417,148)	249,275
Net cash used in investing activities	(20,947)	(65,117)
Net cash used in financing activities	(182,003)	(37,816)
Net (decrease)/ increase in cash and & cash equivalents	(620,098)	146,342
At the beginning of the period	1,521,049	676,122
<b>At the end of period</b>	<b>900,951</b>	<b>822,464</b>

### Consolidated Statement of Changes in Equity

	Attributable to equity holders Shs'000	Non- controlling interest Shs'000	Total Sh'000
<b>At 1 July 2021</b>	<b>4,227,959</b>	<b>2,161,955</b>	<b>6,389,914</b>
Profit for the year	207	8,245	8,452
Other comprehensive Income for the year	(3,141)	(1,691)	(4,832)
<b>Total comprehensive income for the year</b>	<b>(2,934)</b>	<b>6,554</b>	<b>3,620</b>
<b>At 31 December 2021</b>	<b>4,225,025</b>	<b>2,168,509</b>	<b>6,393,534</b>

#### COMMENTARY

Revenue declined 9% over same period prior year due to reduced sales volumes in both human and animal nutrition segments. Profit before tax was impacted by revenue decline and depressed margins due to a surge in cost of key raw materials attributable to global shortages, rise in freight cost and a weakened Kenya shilling.

Wheat grain price increase and shortage were because of adverse weather, pandemic related interruptions and increased global demand.

Maize supply and prices were stable in the first quarter. However, a poorer than expected harvest in the second quarter created shortages and an increase in prices.

A global shortage of soya bean pushed prices to unprecedented levels. The reduction in local demand for flour has meant that by-products used in animal feeding have been in relatively short supply. We turned to imports from the region to bridge this gap.

Though the government has allowed duty-free importation of non-GMO raw materials, high global prices have not made importation a viable option yet.

Initiatives to improve our market reach and drive operational efficiencies continued to gather momentum. Cash flow constraints experienced in the trade meant tightening our credit risk policy to avert bad debts.

Opportunities in new product lines and partnerships continued to be explored. The necessary investments were and continue to be made to bring these on-going initiatives to fruition.

#### Outlook

Raw material prices are expected to remain high for the rest of the financial year. This may worsen the already soaring human food and animal feeds price situation.

Delayed VAT refunds continue to strain cash flows, made worse by an increase in working capital requirement to cover higher material prices.

We continue to lobby for sustainable raw material solutions through policy changes such as approval of GMO raw materials especially for animal feeds.

The Board and management are working on strategies to counter the existing challenges.

The Directors do not recommend payment of an interim dividend.

**By order of the Board**

**Winnie Jumba**  
Company Secretary  
25 February 2022