

EAAGADS LIMITED

ANNOUNCEMENT OF AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Statement of Comprehensive Income

	31 Mar. 2017 Shs'000'	31 Mar. 2016 Shs'000'
Revenue	140,224	126,012
Fair value (loss)/gain on biological assets	(1,279)	3,487
Cost of production	(67,178)	(89,082)
Gross profit	71,767	40,417
Other Income	2,165	671
Administrative expenses	(41,720)	(31,397)
Profit before tax	32,212	9,691
Tax charge	(14,105)	(9,214)
Profit for the year	18,107	477
Other comprehensive income, net of tax	138,260	36,426
Total comprehensive income for the year	156,367	36,903
Basic and diluted earnings per share	0.56	0.01

Statement of Cash Flows

	31 Mar. 2017 Shs'000'	31 Mar. 2016 Shs'000'
Cash flow from operating activities before changes in working capital	51,113	13,381
Changes in working capital	(51,045)	(15,512)
Net cash generated from/(used in) operating activities	68	(2,131)
Net cash used in investing activities	(26)	(31)
Net cash used in financing activities	(654)	-
Decrease in cash and cash equivalents	(612)	(2,162)
Cash and cash equivalents at the beginning of the year	1,012	3,174
Cash and cash equivalents at the end of the year	400	1,012

Statement of Changes in Equity

	Share capital Shs'000'	Revaluation surplus Shs'000'	Retained earnings Shs'000'	Total Shs'000'
At 1 April 2016	40,196	478,004	173,736	691,936
Total comprehensive income for the year	-	138,260	18,107	156,367
Transfer of excess depreciation	-	(7,610)	7,610	-
Deferred income tax on transfer	-	-	2,283	2,283
At 31 March 2017	40,196	608,654	201,736	850,586

The above are extracts from the Financial Statements that were approved by the Board of Directors on 27 July 2017. The accounts were audited by EY LLP, Certified Public Accountants.

PERFORMANCE

During the year under review, the company made an after tax profit of Shs.18.1 million compared to a profit of Shs.0.5 million in the previous financial year. The improvement in revenue was mainly attributable to improved coffee prices despite a drop in coffee tons sold in the year. The average price realized during the year increased to USD 4.218 per kilogram compared to USD 3.863 per kilogram in 2015/2016. Production volumes however increased from 326 tons in 2016 to 424 tons in the current financial year, of which 315 tons had been sold prior to 31 March 2017 (2016: 318.9 tons). Coffee volumes taken to the coffee auction house were affected by the slow drying of coffee due to the weather conditions, hence at the year end, the company remained with high levels of coffee inventories.

The cost of production dropped by Shs. 21.9 million whilst administrative costs increased by approximately Shs. 10.3 million. The increase in administrative expenses was due to an increase in the depreciation charge for the year, following a revaluation of the company's property, plant and equipment towards the end of 2016. The decrease in costs of sales was as a result of enhanced cost efficiencies achieved in the farm. The other comprehensive income reflects the after tax revaluation surplus of the company's freehold land, measuring 44 hectares. The remaining land measuring 341 hectares is leasehold land and therefore not subjected to a valuation.

FUTURE OUTLOOK

Following the handover of the coffee management activities to Coffee Management Services Limited ("CMS") with effect from 25 June 2017, the Board of Directors is confident that the effect of the early 2017 season drought will be minimized and the Company will benefit from improved cost savings through increased negotiation power for agro inputs, better payment terms with suppliers, enhanced labour cost management and improved coffee quality coffee through their superior knowledge and experience of farm management.

DIVIDEND

Although the financial performance of the company improved during the current financial year, the reserves of the company are still not substantial enough to warrant a distribution to shareholders, especially considering management's anticipation that, due to the effects of the early season drought, production volumes will decrease in 2017/2018. The board of directors therefore do not recommend payment of a dividend for the financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company shall be held on 29 September 2017.

By the Order of the Board
27 July 2017

Statement of Financial Position

	31 Mar. 2017 Shs'000'	31 Mar. 2016 Shs'000'
EQUITY		
Share capital	40,196	40,196
Revaluation surplus	608,654	478,004
Retained earnings	201,736	173,736
	850,586	691,936
Non-current liabilities	60,716	48,912
Current liabilities	11,500	20,317
Total equity and non-current liabilities	922,802	761,165
REPRESENTED BY:-		
Non-current assets	775,263	644,781
Current assets	147,539	116,384
	922,802	761,165

EAAGADS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 Shs.'000	2016 Shs.'000
SALES	6	140,224	126,012
(LOSS) / GAIN ARISING FROM CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS AT FAIR VALUE LESS COSTS TO SELL	14	(1,279)	3,487
COST OF PRODUCTION	7	<u>(67,178)</u>	<u>(89,082)</u>
GROSS PROFIT		71,767	40,417
OTHER INCOME	8	2,165	671
ADMINISTRATIVE EXPENSES	9	(41,746)	(31,428)
NET FOREIGN EXCHANGE GAIN		<u>26</u>	<u>31</u>
PROFIT BEFORE TAX	10	32,212	9,691
TAX CHARGE	11(a)	<u>(14,105)</u>	<u>(9,214)</u>
PROFIT FOR THE YEAR		18,107	477
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO THE PROFIT OR LOSS IN SUBSEQUENT PERIOD, NET OF TAX:			
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		145,537	52,037
DEFERRED TAX ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	22	<u>(7,277)</u>	<u>(15,611)</u>
NET ACTUARIAL LOSSES ARISING FROM CHANGES IN THE GRATUITY VALUATION		138,260	-
TOTAL OTHER COMPREHENSIVE INCOME NET OF TAX		<u>138,260</u>	<u>36,426</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>156,367</u>	<u>36,903</u>
EARNINGS PER SHARE	12	<u>0.56</u>	<u>0.01</u>

EAAGADS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	2017 Shs.'000	2016 Shs.'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	775,048	644,566
Prepaid operating lease	15	<u>215</u>	<u>215</u>
		<u>775,263</u>	<u>644,781</u>
CURRENT ASSETS			
Biological assets	14	91,876	93,155
Inventories	16	25,433	1,395
Trade and other receivables	17	9,220	8,608
Amounts due from related parties	18	19,486	3,265
Corporation tax recoverable	11(c)	1,124	8,949
Cash and bank balances	26	<u>400</u>	<u>1,012</u>
		<u>147,539</u>	<u>116,384</u>
TOTAL ASSETS		<u>922,802</u>	<u>761,165</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	19	40,196	40,196
Revaluation reserve	20	608,654	478,004
Retained earnings		<u>201,736</u>	<u>173,736</u>
Total equity		<u>850,586</u>	<u>691,936</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	22	55,532	44,257
Retirement benefit obligations	23	5,130	4,601
Long service awards	24	<u>54</u>	<u>54</u>
		<u>60,716</u>	<u>48,912</u>
CURRENT LIABILITIES			
Retirement benefit obligations	23	2,164	865
Long service awards	24	348	348
Amounts due to related parties	18	1,075	17,659
Trade and other payables	25	<u>7,913</u>	<u>1,445</u>
		<u>11,500</u>	<u>20,317</u>
TOTAL EQUITY AND LIABILITIES		<u>922,802</u>	<u>761,165</u>

The financial statements were approved and authorised for issue by the Board of Directors on 2017 and signed on its behalf by:

Director

Director

EAAGADS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

EAAGADS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share Capital Kshs.'000 (Note 19)	Revaluation reserve Kshs.'000 (Note 20)	Retained earnings Kshs.'000 (Note 21)	Total Kshs.'000
As at 1 April 2015	40,196	442,995	171,417	654,608
Profit for the year	-	-	477	477
Other comprehensive income	-	36,426	-	36,426
Total comprehensive income for the year	-	36,426	477	36,903
Transfer of excess depreciation	-	(1,417)	1,417	-
Deferred income tax on transfer	-	-	425	425
At 31 March 2016	40,196	478,004	173,736	691,936
At 1 April 2016	40,196	478,004	173,736	691,936
Profit for the year	-	-	18,107	18,107
Other comprehensive income	-	138,260	-	138,260
Total comprehensive income for the year	-	137,144	18,107	156,367
Transfer of excess depreciation	-	(7,610)	7,610	-
Deferred income tax on transfer	-	-	2,283	2,283
At 31 March 2017	40,196	608,654	201,736	850,586

The retained earnings represent accumulated surplus arising from other normal operating activities. These reserves are available for dividend distribution to the shareholders of the Company except for surplus arising from fair valuation of biological assets in line with IAS 41-Agriculture of Kshs. 19,245,620 (2016 : Kshs. 20,525,000).

EAAGADS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 Shs.'000	2016 Shs.'000
Cash flows from operating activities			
Profit before tax		32,212	9,691
Depreciation	13	15,054	6,958
Foreign exchange difference		26	31
Increase/(decrease) in retirement benefit obligations	23	2,542	188
(Loss) / gain arising from changes in fair value of biological assets less estimated costs to sell	14	1,279	(3,487)
Cash flows from operating activities before changes in working capital		51,113	13,381
Retirement benefits paid		(714)	(649)
Increase in trade and other receivables	17	(612)	(1,846)
Decrease in amounts due to related parties		(16,584)	(28,144)
(Increase) /decrease in amounts due from related party balances		(16,220)	13,786
(Increase)/decrease in inventories		(24,038)	1,841
Increase /(decrease) in trade and other payables		7,123	(500)
Net cash generated from operating activities		68	(2,131)
Net foreign exchange difference			
CASH FLOWS FROM FINANCING ACTIVITIES			
Unclaimed dividends		(654)	-
Net foreign exchange difference		(26)	(31)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(612)	(2,162)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,012	3,174
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	400	1,012