LIMURU TEA COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

AS AT

31 DECEMBER 2016

LIMURU TEA COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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LIMURU TEA COMPANY LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Duncan Stickler*	Chairman
Richard Korir	
Collins Bett	
Edwin Komen	

* British

COMPANY SECRETARY
Alison Kariuki, LLB, CPS (K)

REGISTERED OFFICE
Nakuru – Kericho Highway
PO Box 20
20200 - Kericho

PRINCIPAL PLACE OF BUSINESS
Limuru Tea Company Limited
PO Box 1
00217 Limuru
Telephone: 020 - 2489737

AUDITORS
KPMG Kenya
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612
00100 Nairobi GPO

REGISTRARS
Co-operative Bank of Kenya Limited
Co-operative House, Haile Selassie Avenue
PO Box 48231
00100 Nairobi GPO

ADVOCATES
Hamilton Harrison & Mathews
1st Floor Delta Office Suites, Waiyaki Way, Nairobi City, Kenya
PO Box 30333
00100 Nairobi GPO

BANKERS
KCB Bank Kenya Limited
Limuru Branch
PO Box 933
00217 Limuru

INSURANCE BROKERS

Alexander Forbes Insurance Brokers Kenya Limited	AON Minet Insurance Brokers Limited
Chester House, Koinange Street	AON Minet House, Off Nyerere Road
PO Box 30076	PO Box 55289
00100 Nairobi GPO	00100 Nairobi GPO

LIMURU TEA COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTICE IS HEREBY GIVEN that the **92ND ANNUAL GENERAL MEETING of the Shareholders of LIMURU TEA COMPANY LIMITED ("the Company")** will be held at Sarova Panafric Hotel, Kenyatta Avenue, Nairobi on Friday, 26 May, 2017 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1 To read the Notice convening the Meeting.
2 To receive, consider and adopt the Company's audited financial statements for the year ended 31 December 2016 together with the Directors' and Auditors' reports thereon.
3 To note that the Directors do not recommend payment of dividend to shareholders for the year ended 31 December 2016.
4 To elect Directors:
   - In accordance with Article 57 of the Company's Articles of Association Mr. Collins Bett retires by rotation as a Director and being eligible offers himself for re-election.
   - In accordance with the provisions of Code of Corporate Governance Dr Richard C. Korir having attained the age of 70 years retires as a Director and being eligible offers himself for re-election.
5 To appoint the following Directors as members of the Board Audit Committee pursuant to the provisions of Section 769 of the Companies Act 2015:
   - Edwin Komen
   - Collins Bett
6 To approve the Directors' remuneration for the year ended 31st December 2016, as provided in the audited consolidated financial statements.
7 To reappoint KPMG Kenya as the Company's auditor to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.
8 To transact any other business of the Annual General Meeting in respect of which notice has been given.

SPECIAL BUSINESS

9 To consider and, if thought fit, to pass the following resolution as a special resolution:

Special resolution to change the name of the Company

THAT to conform to provisions of Section 53 of the Companies Act, 2015 and with the approval of the Registrar of Companies, the company's registered name be changed from Limuru Tea Company Limited to "Limuru Tea PLC".

BY ORDER OF THE BOARD

Alison I.N. Kariuki
Company Secretary
Date: 24 March 2017

Notes

1. *A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the company. A form of proxy is enclosed.*
2. *In the case of a member being a limited liability company or corporate body, the form must be completed under its Common Seal or under the hand of an officer or attorney duly authorised in writing.*
3. *Shareholders who will not be able to attend the meeting are requested to complete and return the proxy form, so as to reach the Company Secretary, Limuru Tea Company Limited, PO Box 42011 - 00100, Nairobi not later than 11.00 a.m. on Wednesday, 24th May 2017.*
4. *In accordance with Article 133 of the Company's Articles of Association a copy of the Audited Financial Statements may be viewed on and obtained from the Company's website or from the Registered Office of the Company. An abridged set of the audited Balance Sheet, Income Statement, Statement of Changes in Equity and Cashflow Statements for the year ended 31st December 2016 have been published in two daily newspapers with nationwide circulation.*

LIMURU TEA COMPANY LIMITED

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

Limuru Tea Company Limited owns 275 hectares of tea plantations situated four kilometres to the east of Limuru Town. The Company is an outgrower to Unilever Tea Kenya Limited (UTKL), the largest private sector tea company in Kenya. UTKL acts as the Limuru Tea Company's managing agent in the growing, manufacturing, sales and marketing of its tea. The Limuru Tea estate green leaf is manufactured in the nearby UTKL's Mabroukie factory from where it is sold mainly for export.

Tea production

The year 2016 started on a positive note owing to the spill-over of the El Niño rains experienced towards the end of 2015. The overall effect of the good weather recorded in quarter one and two saw the country crop reach an all-time high of 473 million kilograms; 18.5% higher compared to 399 million kilograms recorded in 2015. For the same reason, Limuru Tea Company made tea production increased by 3% in 2016.

The tea market

The average Mombasa auction price for all teas declined significantly from an average of 2.98USD/kg of recorded in 2015 to 2.36USD/kg in 2016 due to increased supply.

Company performance

The estate operations are managed in line with UTKL best practice. In 2016 the Company produced 3,156,480 (2015: 3,065,880) kilograms of green leaf, which in turn was manufactured into 710,677 (2015: 692,343) kilograms of black tea. Green Leaf and black tea increased by 3% in 2016.

The higher crop volume was negatively impacted by the price, which decreased total revenues by 15% from KShs 122 million in 2015 to KShs 104 million in 2016.

Limuru Tea Company posted a pre-tax loss of KShs 26.7 million for the year ended 31 December 2016 compared to a profit of KShs 7.6 million (restated) for the year ended 31 December 2015. The 451% increase in pre-tax loss compared to same period previous year is largely attributed to decreased tea auction prices and increase in cost of sales due to wage adjustment.

Strategic initiatives the firm is undertaking during the year

The Limuru Tea Company has over the past three years embarked on a program to replace old low yielding tea bushes with new clonal varieties which are high yielding and drought tolerant. The process involves uprooting of the old bushes in a specific field, land preparation and replanting. So far, a total of 33ha has been replanted and a further 12ha will be done in 2017.
This program, which will continue for a number of years to come, is expected to boost productivity and increase the volumes of green tea leaves produced by the company.

Prospects

The year 2017 has started on a negative note owing to the dry weather experienced in first quarter. The crop already recorded in the first two months of the year is lower than same period last year. Auction prices are now showing an upward trend because of the low volume while the Kenya shilling continues to hold stable against the US dollar. If the current dry weather conditions continue into the second quarter of the year, the full year crop will be expected to be lower than last year.

Tribute to staff

Finally, I would like to pay tribute to all our employees for their support and contribution to the Limuru Tea Company business during 2016.

Duncan Stickler
Chairman
Date: 24 March 2017

LIMURU TEA COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors submit their report together with the audited financial statements for the year ended 31 December 2016, in accordance with the Kenya Companies Act, 2015 which disclose the state of affairs of Limuru Tea Company Limited (the "Company").

1. Principal activities

The principal activity of the Company is growing of green leaf tea.

2. Results

The loss for the year of KShs 19,074,000 (2015: profit of KShs 2,547,000) has been added to retained earnings.

3. Dividends

The directors do not recommend the payment of a dividend (2015 - KShs 2,400,000).

4. Directors

The directors who held office during the year and to the date of this report are set out on page 1.

5. **Relevant audit information**

The Directors in office at the date of this report confirm that:

- There is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

6. Auditors

The auditors, KPMG Kenya, continue in office in accordance with the Kenyan Companies Act, 2015.

7. Business overview

The Company's business overview is contained in the Chairman's statement set out on page 3.

8. Approval of financial statements

The financial statements were approved at a meeting of the directors held on Friday 24 March 2017.

BY ORDER OF THE BOARD

Company Secretary

Date: 24 March 2017

LIMURU TEA COMPANY LIMITED

DIRECTORS' REMUNERATION REPORT

Limuru Tea Company's ambition is to be a sustainable tea plantation connected with its consumers, customers and respected across the world not only for its business performance but also its contribution to environmental conservation and positive social impact in communities where it has its plantations.

Limuru Tea Company is pleased to present the Director's remuneration report for the financial year ended 31 December 2016. This report is in compliance with the Limuru Tea Company's reward policy, Capital Market Authority's Code of Corporate Governance Guidelines on Director's remuneration and the Companies Act, 2015. A key provision of the Company's principles is that reward will directly support the business strategy with clear and measurable linkage to business performance.

During the financial year, Limuru Tea Company's Board of Directors consisted of:

3 Executive Directors:
- Mr. Duncan Stickler
- Mr. Collins Bett
- Mr. Edwin Komen

1 Non-executive director:
- Dr. Richard Korir

The Executive Directors do not earn any remuneration from Limuru Tea Company Limited. The Non-Executive Director earns a retainer fee and a sitting allowance for the attendance of Board and Committee meetings.

For the financial year ended 31 December 2016, the consolidated non-executive directors' fees was KShs 576,281 as disclosed under note 24 (d) of the financial statements.

The list of the remuneration components are as follows:

1. Retainer fees

The Non-Executive Director is paid a retainer fee on a monthly basis for the services offered as a director. This is competitive taking into account market rates of pay.

2. Attendance fees

The Non-Executive Director is paid an attendance fee in recognition of the time spent attending Board or Committee meetings. These are also benchmarked on market rates and trends.

3. Travel and accommodation when on company business

Limuru Tea Company Limited provides for travel and accommodation costs in line with its Travel & Entertainment policy in place for its Executive Committee Members and for the Non-Executive Director.

By Order of the Board

Company Secretary
Date: 24 March 2017

LIMURU TEA COMPANY LIMITED

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Limuru Tea Company Limited (the "Company") set out on pages 13 to 54 which comprise the statement of financial position at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015 the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results and cash flows.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 24 March 2017 and signed on its behalf by:

Duncan Stickler Director	Edwin Komen Director

Date: 24 March 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LIMURU TEA COMPANY LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Limuru Tea Company Limited (the "Company") set out on pages 13 to 54, which comprise the statement of financial position at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Limuru Tea Company Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditors Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LIMURU TEA COMPANY LIMITED (CONTINUED)

Report on the Audit of Financial Statements (continued)

Key audit matters (continued)

<table>
<tr><td colspan="2">Adoption of amendments to IAS 41 Agriculture and IAS 16 Property, Plant and Equipment – bearer plants and restatement of prior year balances</td></tr>
<tr><td colspan="2">See accounting policy note 3 (c) - Significant accounting policies, disclosure note 19 – Property and equipment and disclosure note 25 – Restatement of prior year balances.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Adoption of the amendments to IAS 41 Agriculture on the accounting for bearer plants is a key audit matter due to the significance of the balances, and complexity and subjectivity over estimating the deemed cost and useful lives for bearer plants. The risk is that the carrying value of bearer plants, and therefore property and equipment may be misstated.

In the amendments, bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes and an entity can elect to measure bearer plants at cost or revaluation in line with the standard. The produce growing on bearer plants will however continue to be measured at fair value less cost to sell under IAS 41 Agriculture.

A bearer plant is defined as a plant that:
— is used in the production or supply of agricultural produce;
— is expected to bear produce for more than one period; and
— has a remote likelihood of being sold as agricultural produce, except for scrap sales.

The Company’s tea bushes meet the definition of bearer plants above and are therefore classified as bearer plants in the Company’s property and equipment.

The application of the amendments requires management to make judgments:
— to determine the original cost of bearer plants at the time of planting or the deemed cost (which is the most recent fair value of those assets), in the absence of a reliable means to obtain the original cost;
— to determine the unit of account, which is the basis on which cost is allocated for the bearer plants; and
— to determine the useful lives of the bearer plants, the period over which the cost/deemed cost will be depreciated.</td><td>Our audit procedures in this area included, among others:
— Evaluating the company and industry trends with regards to the useful lives of tea bushes.
— Evaluating on a sample basis the relevance and accuracy of the input data in the valuation of bearer plants.
— Evaluating the appropriateness of accounting entries recorded and the restatement of financial statements as required by IFRSs.
— Evaluating the adequacy of the financial statement disclosures.</td></tr>
</table>

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LIMURU TEA COMPANY LIMITED
(CONTINUED)

Report on the Audit of Financial Statements (continued)

Key audit matters (continued)

Valuation of standing timber (fuel trees)	
See accounting policy note 3 (d) - Significant accounting policies and disclosure note 18 – Biological assets	
The key audit matter	**How the matter was addressed in our audit**
The Company's biological assets include standing timber, which is measured at fair value less costs to sell under IAS 41*Agriculture*. Estimating the fair value is a complex process involving a number of judgments and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to lack of relevant and reliable observable inputs. Consequently we have determined valuation of standing timber to be a key audit matter.	Our audit procedures in this area included, among others: — Evaluating the Company's inputs used in calculating the estimated cash flows by comparing with historical performance and the Company's plans, as well as our understanding of the industry and the economic environment the Company operates in. — Evaluating the historical accuracy of the Company's assessment of the fair value of standing timber by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts. — Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.
Recognition of deferred tax assets arising from carry-forward tax losses	
See accounting policy note 3 (f) - Significant accounting policies and disclosure note 16 – Deferred tax	
The key audit matter	**How the matter was addressed in our audit**
The Company's deferred tax liability includes recognised deferred tax assets arising from carry-forward tax losses that the Directors believe are recoverable. The recoverability of the recognised deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilize the tax losses before they expire. We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits.	Our audit procedures in this area included, among others: — Reconciling tax losses and expiry dates to the tax statements. — Assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit. — Evaluating the adequacy of financial statement disclosures.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LIMURU TEA COMPANY LIMITED
(CONTINUED)

Report on the Audit of Financial Statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report there on.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

As stated on page 6, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LIMURU TEA COMPANY LIMITED
(CONTINUED)

Report on the Audit of Financial Statements (continued)

***Auditors' responsibilities for the audit of the financial statements** (continued)*

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

— Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

(iii) The statement of financial position and statement of profit or loss and other comprehensive income of the Company are in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is CPA Jacob Gathecha **-** *P/1610.*

Date: 24 March 2017

LIMURU TEA COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015 Restated
		KShs'000	KShs'000
Revenue	6(a)	103,915	122,374
Cost of sales	7	(139,619)	(118,915)
Gross (loss)/profit		**(35,704)**	**3,459**
Gain/(loss) arising from changes in fair value of biological assets less costs to sell	18	3,305	(1)
Other income	8	734	(2,089)
		(31,665)	**1,369**
Expenses			
Administrative expenses	9	(6,042)	(7,138)
Other operating expenses		(1,206)	(318)
Loss from operating activities		**(38,913)**	**(6,087)**
Finance income	10	12,182	13,768
(Loss)/profit before taxation	11	**(26,731)**	**7,681**
Income tax credit/(expense)	12(a)	7,657	(5,134)
(Loss)/profit after taxation		**(19,074)**	**2,547**
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Actuarial (loss)/gain on post-employment benefits obligation	17	(3,832)	1,000
Tax effect on actuarial (loss)/gain on post-employment benefits obligation	16	1,150	(300)
Total other comprehensive income net of income tax		**(2,682)**	**700**
Total comprehensive income for the year		**(21,756)**	**3,247**
Basic and diluted earnings per share (KShs) (2015 – restated)	13	**(7.95)**	**1.06**

The notes set out on pages 17 to 54 form an integral part of these financial statements.

LIMURU TEA COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016	2015 Restated	2014 Restated
		KShs'000	KShs'000	KShs'000
EQUITY (Page 15)				
Share capital	14	24,000	24,000	24,000
Retained earnings		181,712	203,468	202,622
Proposed dividend	15	-	2,400	1,200
Total equity		**205,712**	**229,868**	**227,822**
Non-current liabilities				
Deferred income tax liability	16	22,561	35,226	43,501
Post-employment benefit obligations	17	26,000	20,487	20,000
		48,561	**55,713**	**63,501**
		254,273	**285,581**	**291,323**
REPRESENTED BY:				
Non-current assets				
Biological assets – fuel trees	18	6,574	5,366	5,367
Property and equipment	19	131,401	144,837	170,279
		137,975	**150,203**	**175,646**
Current assets				
Inventory		431	331	153
Biological asset - green leaf	18	2,097	-	-
Current income tax recoverable	12(c)	13,416	-	-
Receivables and prepayments	20	120,865	154,573	123,983
Cash and cash equivalents	21	7,409	8,661	7,872
		144,218	**163,565**	**132,008**
Current liabilities				
Payables and accrued expenses	22	27,920	19,567	14,777
Current income tax payable	12(c)	-	8,620	1,554
		27,920	**28,187**	**16,331**
Net current assets		**116,298**	**135,378**	**115,677**
		254,273	**285,581**	**291,323**

The financial statements on pages 13 to 54 were approved for issue by the board of directors on 24 March 2017 and signed on its behalf by:

Duncan Stickler	Edwin Komen
Director	Director

The notes set out on pages 17 to 54 form an integral part of these financial statements.

LIMURU TEA COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

2016:	Note	Share capital KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
At 1 January 2016– as previously reported		**24,000**	**227,860**	**2,400**	**254,260**
Impact of change in accounting policy		-	(24,392)	-	(24,392)
Restated balance at 1 January 2016 (Note 25)		**24,000**	**203,468**	**2,400**	**229,868**
Total comprehensive income					
Loss for the year		-	(19,074)	-	(19,074)
Other comprehensive income:					
Actuarial gain on post-employment benefit obligation net of tax		-	(2,682)	-	(2,682)
Total comprehensive income for the year		**-**	(21,756)	-	(21,756)
Transactions with owners					
Dividends:					
- Final for 2015 paid		-	-	(2,400)	(2,400)
Total transactions with owners		-	-	(2,400)	(2,400)
At 31 December		**24,000**	**181,712**	**-**	**205,712**
2015:					
At 1 January 2015– as previously reported		**24,000**	**226,516**	**1,200**	**251,716**
Impact of change in accounting policy (Note 25)		-	(23,894)	-	(23,894)
Restated balance at 1 January 2015		**24,000**	**202,622**	**1,200**	**227,822**
Total comprehensive income (restated)					
Profit for the year		-	2,546	-	2,546
Other comprehensive income:					
Actuarial gain on post-employment benefit obligation net of tax		-	700	-	700
Total comprehensive income for the year (restated)		-	3,246	-	3,246
Transactions with owners					
Dividends:					
- Final for 2014 paid		-	-	(1,200)	(1,200)
- Proposed final for 2015	15	-	(2,400)	2,400	-
Total transactions with owners		-	(2,400)	1,200	(1,200)
Restated balance at 31 December 2015		**24,000**	**203,468**	**2,400**	**229,868**

The notes set out on pages 17 to 54 form an integral part of these financial statements.

LIMURU TEA COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 KShs'000	2015 KShs'000
Operating activities			
Cash generated from operations	23	28,269	3,999
Interest received	10	12,182	13,768
Income tax paid	12(c)	(25,894)	(6,643)
Post-employment benefits paid	17	(2,319)	(1,513)
Net cash generated from operating activities		**12,238**	**9,611**
Investing activities			
Purchase of property and equipment	19	(11,090)	(7,621)
Net cash used in investing activities		**(11,090)**	**(7,621)**
Financing activities			
Dividends paid		(2,400)	(1,200)
Net cash used in financing activities		**(2,400)**	**(1,200)**
Net (decrease)/increase in cash and cash equivalents		**(1,252)**	**789**
Movement in cash and cash equivalents:			
At start of year		8,661	7,872
(Decrease)/increase		(1,252)	789
At end of year	21	**7,409**	**8,661**

The notes set out on pages 17 to 54 form an integral part of these financial statements.

1. GENERAL INFORMATION

Limuru Tea Company Limited is incorporated in Kenya under the Companies Act, 2015 as a public limited liability company, and is domiciled in Kenya. The address of its registered office is:

Nakuru – Kericho Highway
PO Box 20
20200 Kericho

The Company's shares are listed on the Nairobi Securities Exchange (NSE).

2. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the Kenyan Companies Act, 2015. The financial statements have been prepared under the historical cost convention, except for biological assets, which have been measured at fair value less costs to sell.

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

Details of significant accounting policies are included under note 3.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimations and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 4.

2. BASIS OF PREPARATION (Continued)

(c) Functional and presentation currency

These financial statements are presented in Kenya shillings, which is the Company's functional currency. Except as indicated, financial information presented in Kenya shillings has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
(ii) Interest income is recognised on a time proportion basis using the effective interest method.

(b) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date. Resulting exchange differences are recognised in profit or loss for the year.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction.

(c) Property and equipment

(i) ***Recognition and measurement***

Items of property and equipment are measured at cost/deemed less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Deemed cost (for bearer plants) is taken as the most recent fair value at the point of adoption of the IAS16 amendments on bearer plants.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

— Buildings	25 - 40 years
— Plant and machinery	10 - 15 years
— Computers, fixtures and fittings	3 - 8 years
— Bearer plants	60 years

Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date.

(iv) Disposal of property and equipment

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss.

(d) Biological assets

Biological assets are measured on initial recognition and at each reporting date at fair value less costs to sell. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less cost to sell are recognised in profit or loss in the year in which they arise.

The fair value of fuel plantations is determined based on the net present values of expected future cash flows, discounted at current market-determined pre-tax rates.

All costs of planting, upkeep and maintenance of biological assets are recognised in profit or loss under cost of sales in the period in which they are incurred.

(e) Operating leases

Leases, where a significant portion of the risks and rewards on ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised as an expense in profit or loss on a straight line basis over the term of the lease. Lease income from operating leases is also recognised in the profit or loss on a straight line basis over the period of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads wherever appropriate incurred in acquiring inventories or to bring them to the existing location and condition. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Taxation

Income tax comprises current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognized in equity or in other comprehensive income.

Current income tax is the amount of income tax payable or receivable on the taxable income or loss for the year determined in accordance with the enacted tax legislation, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the financial reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Finance income and expenses

Finance income and expenses comprises net foreign currency gains and losses and interest income and interest expenses.

Interest income is recognised as it accrues in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings, which is recognised as it accrues in profit and loss using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(k) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(l) Comparative information

Where necessary, comparative figures have been represented to conform with changes in presentation in the current year.

(m) Employee's benefits

(i) Post-employment benefits

For unionised employees, the Company has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreement with the union. Employees who resign after completing at least ten years of service are entitled to twenty one days pay for each completed year of service. The liability recognised in the statement of financial position is the present value of the estimated future cash outflows, calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from changes in actuarial assumptions are recognised immediately in retained earnings through other comprehensive income. Past service costs are recognised immediately in profit/loss.

The Company operates a defined benefit scheme for its non-unionised employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company and all its employees also contribute to the statutory National Social Security Fund, which is a defined contribution scheme. A defined contribution scheme is a pension scheme under which the company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

(ii) Other entitlements

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial instruments

Financial instruments include balances with banks, trade and other receivables, balances due from and to related parties and trade and other liabilities.

(i) Recognition

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. The Company recognises loans and receivables on the date when they are originated. These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

All other financial instruments are recognized on the trade date which is the date on which the company becomes party to the contractual provisions of the instrument.

(ii) Classification and measurement

The Company classifies its non-derivative financial assets into loans and receivables while non-derivative financial liabilities and classified into other financial liability category.

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial instruments are appropriately classified.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short-term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables, cash and bank balances and balances due from related companies.

These are measured at amortised cost using the effective interest method, less any impairment losses.

Other financial liabilities

Other financial liabilities are initially recognized at the fair value less any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. These include trade and other payables and accruals and balances due to related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial instruments (continued)

(iii) De-recognition

A financial asset is derecognised when the company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished, cancelled or expires.

(iv) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(v) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

(o) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss and reflected in an allowance account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost that are debt securities, the reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment (continued)

(ii) Non-financial assets

The carrying amount of the Company's non-financial assets, other than deferred tax are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(p) New standards, amendments and interpretations

(i) New standards, amendments and interpretations effective and adopted during the year

The Company has adopted the following new standards and amendments during the year ended 31 December 2016, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2016. The nature and effects of the changes are explained below:

New standard or amendments
— Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
— Amendments to IAS 41 - Bearer Plants (Amendments to IAS 16 and IAS 41)
— Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation
— Equity Method in Separate Financial Statements (Amendments to IAS 27)
— IFRS 14 Regulatory Deferral Accounts
— Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
— Disclosure Initiative (Amendments to IAS 1)
— Annual improvements cycle (2012-2014) – various standards

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(i) New standards, amendments and interpretations effective and adopted during the year (continued)

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be re-measured. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The adoption of these changes did not have a significant impact on the financial statements of the Company because the company has not been involved in any business combinations.

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41. The new requirements are effective from 1 January 2016.

The adoption of these amendments had a significant impact on the Company’s financial statements that required a restatement of prior year financial statements. The impact has been analysed in *Note 25* to these financial statements.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The adoption of these changes did not have a significant impact on the financial statements of the Company since the Company does not use revenue-based methods of depreciation or amortisation of property, plant and equipment, and intangible assets, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(i) New standards, amendments and interpretations effective and adopted during the year (continued)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016.

The adoption of these changes did not have a significant impact on the financial statements of the Company because the company does not have any subsidiaries, associates or joint ventures.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January 2016.

The adoption of these changes did not have a significant impact on the financial statements of the Company because the company is not a first-time adopter of IFRS.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 *Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 *Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS *28 Investments in Associates and Joint Ventures* modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(i) New standards, amendments and interpretations effective and adopted during the year (continued)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (continued)

The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. The adoption of these changes did not have a significant impact on the financial statements of the Company because the company does not have any subsidiaries or interests in other entities.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted. The adoption of these changes did not have a significant impact on the financial statements of the Company.

Annual improvements cycle (2012-2014) – various standards

Standard	Amendments
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	**Changes in methods of disposal.** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	**Servicing contracts.** Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. **Applicability of the amendments to IFRS 7 to condensed interim financial statements.** Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(i) New standards, amendments and interpretations effective and adopted during the year (continued)

Annual improvements cycle (2012-2014) – various standards (continued)

IAS 19 Employee Benefits	**Discount rate: regional market issue.** Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
IAS 34 Interim Financial Reporting	**Disclosure of information 'elsewhere in the interim financial report'**. Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference

The adoption of these changes did not have a significant impact on the financial statements of the Company.

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016, and have not been applied in preparing these financial statements.

The Company does not plan to adopt these standards early. These are summarised below;

New standard or amendments	Effective for annual periods beginning on or after
— Disclosure Initiative (Amendments to IAS 7)	1 January 2017
— Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
— IFRS 15 Revenue from Contracts with Customers	1 January 2018
— IFRS 9 Financial Instruments (2014)	1 January 2018
— Classification and Measurement of Share-based — Payment Transactions (Amendments to IFRS 2)	1 January 2018
— Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	1 January 2018
— IFRS 16 Leases	1 January 2019
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).	To be determined

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016 (continued)

Disclosure Initiative (Amendments to IAS 7)

The amendments in *Disclosure Initiative (Amendments to IAS 7)* come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The International Accounting Standards Board (IASB) requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Since the amendments are being issued less than one year before the effective date, entities need not provide comparative information when they first apply the amendments.

The adoption of these changes will not affect the amounts and disclosures of the Company’s Financial Statements.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

The amendments in Recognition of Deferred Tax Assets for Unrealised Losses clarify the following aspects:

— Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016 (continued)

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) – continued

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. As transition relief, an entity may recognise the change in the opening equity of the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity. The Board has not added additional transition relief for first-time adopters

The adoption of these changes will not affect the amounts and disclosures of the Company's Financial Statements.

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016 (continued)

IFRS 9: Financial Instruments (2014)

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*

This standard introduces changes in the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual period beginning on or after 1 January 2018 with retrospective application, early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The following clarifications and amendments are contained in the pronouncement:

— ***Accounting for cash-settled share-based payment transactions that include a performance condition***

Up until this point, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

— ***Classification of share-based payment transactions with net settlement features***

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016 (continued)

— ***Accounting for modifications of share-based payment transactions from cash-settled to equity-settled***

Up until this point, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

- On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.
- Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application if allowed if this is possible without the use of hindsight. If an entity applies the amendments retrospectively, it must do so for all of the amendments described above.

The adoption of these changes will not affect the amounts and disclosures of the Company’s financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 *'Insurance Contracts' (Amendments to IFRS 4)* provide two options for entities that issue insurance contracts within the scope of IFRS 4:

— an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

— an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount reclassified in the reporting period is calculated and the effect of that reclassification on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016 (continued)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

An entity applies the deferral approach for annual periods beginning on or after 1 January 2018. Predominance is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April 2016. Application of the deferral approach needs to be disclosed together with information that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following 1 January 2018. Predominance is only reassessed if there is a change in the entity's activities.

The adoption of these changes will not affect the amounts and disclosures of the Company's financial statements.

IFRS 16: Leases

On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration.

A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time. The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.

b) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2016 (continued)

IFRS 16: Leases - continued

c) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:

(a) short-term leases (i.e. leases of 12 months or less) and;
(b) leases of low-value assets

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The effective date for these changes has now been postponed until the completion of a broader review.

The adoption of these changes will not have a significant impact on the financial statements of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Biological assets

Critical assumptions are made by the directors in determining the fair values of biological assets. The key assumptions are set out in Note 18.

Post-employment benefits

The present value of the Company's gratuity obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligation. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Useful lives of plant and equipment

The Company's management determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projected product lifecycles for its high-tech segment. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Income taxes

The Company is subject to income taxes. Significant judgment is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company operates locally and its transactions are in local currency. There is no exposure to foreign exchange risk.

(ii) Price risk

The Company does not hold any financial instruments subject to price risk.

(iii) Interest rate risk

The Company earns interest on its bank balances and balances receivable from the parent but the amount is not significant.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company only sells its products to its parent and does not have any other significant concentration of credit risk.

No collateral is held for any of the assets. All receivables are neither past due nor impaired and are within their approved credit limits, and no receivables have had their terms renegotiated.

The Company's exposure to credit risk is summarized below:

	2016 KShs'000	2015 KShs'000
Receivable from parent company	121,884	154,406
Cash and bank balances	7,409	8,661
Total liabilities	**129,293**	**163,067**

Management believes that the amounts that are neither past due nor impaired will be collectible in full.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values, as the impact of discounting is not significant.

31 December 2016:	Up to 1 month KShs'000	1-3 months KShs'000	3-12 months KShs'000	1-5 years KShs'000	Over 5 years KShs'000	Total KShs'000
Liabilities						
Accrued expenses	4,541	-	-	-	-	4,541
Other payables	-	23,379	-	-	-	23,379
Total liabilities	**4,541**	**23,379**	**-**	**-**	**-**	**27,920**

31 December 2015:	Up to 1 month KShs'000	1-3 months KShs'000	3-12 months KShs'000	1-5 years KShs'000	Over 5 years KShs'000	Total KShs'000
Liabilities						
Accrued expenses	3,202	-	-	-	-	3,202
Other payables	-	16,365	-	-	-	16,365
Total liabilities	**3,202**	**16,365**	**-**	**-**	**-**	**19,567**

(d) Capital risk management

Capital comprises all components of equity (i.e. share capital and accumulated revenue reserves). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders.

During 2016 the Company's strategy which was unchanged from 2015, was to use funds generated from internal sources. No funds were borrowed from the market.

6. REVENUE

	2016 KShs'000	2015 KShs'000
(a) Revenue		
Sale of green leaf to Unilever Tea Kenya Limited	**103,915**	**122,374**

6. REVENUE (Continued)

(b) Segment reporting

The Company has only one business segment (growing of green leaf tea) and it sells all its produce to Unilever Tea Kenya Limited which is domiciled in Kenya. Management has determined the operating segments based on the reports reviewed by the managing director that are used to make strategic decisions. All its assets are based in Kenya. The managing director assesses performance based on profit before income tax, as presented in the statement of profit or loss and other comprehensive income.

7. COST OF SALES

	2016 KShs'000	2015 Restated KShs'000
Labour costs	103,056	76,645
Fertilizers and chemicals	7,069	8,834
Depreciation expense	24,526	30,482
Other costs and expenses	4,968	2,954
	139,619	**118,915**

8. OTHER INCOME

Rental and other income	**734**	**(2,089)**

9. ADMINISTRATIVE EXPENSES

Administrative staff costs	1,078	1,291
Rent and utilities	2,263	1,454
Bank charges	407	298
Other expenses	2,294	4,095
	6,042	**7,138**

10. FINANCE INCOME

Interest income	**12,182**	**13,768**

11. (LOSS)/PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the (loss)/profit before income tax:

	2016 KShs'000	2015 KShs'000
Employee benefits expense	108,313	78,343
Depreciation of property, plant and equipment (Note 19)	24,526	30,482
Repairs and maintenance expenditure on property and equipment	2,674	844
Auditor's remuneration	121	193
Interest income	(12,182)	(13,768)

The following items are included within employee benefits expense:

11. PROFIT BEFORE TAX (Continued)

	2016 KShs'000	2015 KShs'000
Salaries and wages	103,227	74,330
Post-employment benefits costs:		
- Unfunded gratuity provision (Note 17)	4,000	3,000
- National Social Security Fund	1,086	1,013
	108,313	**78,343**

12. TAXATION

(a) Income tax (credit)/expense

Current income tax:		
Current year	3,858	14,043
Prior year adjustment	-	(334)
	3,858	13,709
Deferred tax:		
Deferred tax credit (Note 16)	(11,515)	(8,575)
Income tax (credit)/expense	**(7,657)**	**5,134**

(b) Reconciliation of effective tax rate

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2016 KShs'000	2015 KShs'000
(Loss)/profit before income tax	**(26,731)**	**7,681**
Tax at 30% (2015 - 30%)	(8,019)	2,304
Tax effects of expenses not deductible for tax purposes	362	3,164
Prior year adjustments: - Current tax	-	(334)
Income tax (credit)/expense	**(7,657)**	**5,134**

(c) Movement in tax payable

Opening balance	8,620	1,554
Charge for the year	3,858	14,043
Over provision in prior year	-	(334)
Taxation paid	(25,894)	(6,643)
Tax (recoverable)/payable at 31 December	**(13,416)**	**8,620**

13. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
(Loss)/profit attributable to equity holders of the Company (KShs'000') (2015 restated)	(19,074)	2,547
Weighted average number of ordinary shares in issue (thousands)	2,400	2,400
Basic earnings per share (KShs) (2015 restated)	**(7.95)**	**1.06**

There were no potentially dilutive shares outstanding at 31 December 2016 (2015 – Nil). Diluted earnings per share are therefore the same as basic earnings per share.

14. SHARE CAPITAL

Authorised, issued and fully paid	**Number of shares**	**Ordinary shares KShs'000**
Balance at 31 December 2015, 1 January 2016 and 31 December 2016	2,400	24,000

All issued shares are fully paid. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meeting of the Company.

15. DIVIDENDS PER SHARE

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: KShs 2,400,000).

16. DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences using a principal tax rate of 30%. Deferred tax (assets) and liabilities and deferred tax charge/(credits) in profit or loss, are attributable to the following items:

2016:	**At 1 January KShs'000**	**Prior year under/(over) provision KShs'000**	**Charged/ (credited) to profit or loss KShs'000**	**Charged/ (credited) to other comprehensive income KShs'000**	**At 31 December KShs'000**
Deferred tax liabilities					
Biological assets	1,609	-	992	-	2,601
Property and equipment	42,758	-	(3,989)	-	38,769
	44,367	-	(2,997)	-	41,370
Deferred tax assets					
Post-employment benefit obligations	(6,146)	-	(504)	(1,150)	(7,800)
Tax losses	-	-	(4,280)	-	(4,280)
Other temporary differences	(2,995)	-	(3,734)	-	(6,729)
	(9,141)	-	(8,518)	(1,150)	(18,809)
Net deferred tax liability	**35,226**	**-**	**(11,515)**	**(1,150)**	**22,561**

16. DEFERRED TAX (Continued)

2015:	At 1 January KShs'000	Prior year under/(over) provision KShs'000	Charged/ (credited) to profit or loss KShs'000	Charged/ (credited) to other comprehensive income KShs'000	At 31 December KShs'000
Deferred tax liabilities					
Biological assets	1,611	-	(1)	-	1,610
Property and equipment	50,353	-	(7,596)	-	42,757
	51,964	-	(7,597)	-	44,367
Deferred tax assets					
Post-employment benefit obligations	(6,000)	-	(446)	300	(6,146)
Other temporary differences	(2,463)	-	(532)	-	(2,995)
	(8,463)	-	(978)	300	(9,141)
Net deferred tax liability	**43,501**	**-**	**(8,575)**	**300**	**35,226**

2014:	At 1 January KShs'000	Prior year under/(over) provision KShs'000	Charged/ (credited) to profit or loss KShs'000	Charged/ (credited) to other comprehensive income KShs'000	At 31 December KShs'000
Deferred tax liabilities					
Biological assets	1,371	-	240	-	1,611
Property and equipment	59,008	145	(8,800)	-	50,353
	60,379	145	(8,560)	-	51,964
Deferred tax assets					
Post-employment benefit obligations	(7,425)	900	225	300	(6,000)
Other temporary differences	(263)	-	(2,200)	-	(2,463)
	(7,688)	900	(1,975)	300	(8,463)
Net deferred tax liability	**52,691**	**1,045**	**(10,535)**	**300**	**43,501**

The tax losses expire within 9 years following the year they arose under the current tax laws.

The ageing of tax losses for the Company is as below:

Year of origin	Amounts KShs '000	Year of expiry
2016	14,268	2025
Total	**14,268**	

17. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company operates a defined benefit scheme for its non-unionised employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Post-employment benefit unfunded obligation comprises of the following:

	2016 KShs'000	2015 KShs'000
Service gratuities	**26,000**	**20,487**

The movement in the present value of the unfunded obligation for service gratuities is as follows:

	2016 KShs'000	2015 KShs'000
At 1 January	20,487	20,000
Charged to income statement	4,000	3,000
Actuarial loss/ (gain) recognised in other comprehensive income	3,832	(1,000)
Payments in the year	(2,319)	(1,513)
At 31 December	**26,000**	**20,487**

The amounts recognised in the income statement for the year are as follows:

	2016 KShs'000	2015 KShs'000
Current service cost	1,000	1,000
Interest cost	3,000	2,000
Total, included in employee benefits expense (Note 11)	**4,000**	**3,000**

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	13.5%	13.9%
Future salary increases	9.0%	8.0%
Inflation	7.5%	6.5%

The interest rates are based on the interest rates of corresponding seven year government bond yields.

Demographic assumptions
The principal statistical assumption is the service related rates of withdrawal from service.

The demographic assumptions have assumed that approximately half of the members do not reach the vesting requirement and of those who remain, a significant number leave soon after becoming vested.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

17. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

2016:	Base assumptions Shs 'millions'	Discount rate + 0.5% Shs ' millions'	Discount rate - 0.5% Shs ' millions'	Salary increase + 0.5% Shs ' millions'	Salary increase - 0.5% Shs ' millions'
Liability	26	25	26	26	25
Service cost	2	2	2	2	2
Interest cost	4	4	3	4	3

2015:	Base assumptions Shs 'millions'	Discount rate + 0.5% Shs ' millions'	Discount rate - 0.5% Shs ' millions'	Salary increase + 0.5% Shs ' millions'	Salary increase - 0.5% Shs ' millions'
Liability	20	19	20	20	19
Service cost	1	1	1	1	1
Interest cost	3	3	3	3	3

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its post-employment benefit obligation the company is exposed to a number of risks, the most significant of which are detailed below:

Inflation risk
Some of the company pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy
Majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

18. BIOLOGICAL ASSETS

Biological assets comprise of fuel trees plantations and un-harvested green leaf on tea bushes at the reporting date.

Fuel Trees

Fuel trees are carried at fair value less costs to sell. The fair values of trees were determined based on the discounted net present values of expected net cash flows from those assets, discounted at a current market-determined pre-tax rate. In determining the fair values of fuel trees, the directors have made certain assumptions about the yields and market prices of trees in future years, and the costs of running the estates.

The key assumptions made concerning the future (projected over 8 years in respect of fuel trees) for 2015 and 2016 are as follows:

- Climatic conditions will remain the same
- The market price tree plantations, in shilling terms, will approximate the average prices for the past 5 years.
- Constant productivity for 8 years for trees, after which they will be cut down.

The discount rate applied to the expected net cash flows was 14% (2015: 13.8%) based on the weighted average cost of capital as well as crop risk.

The company also had 10 hectares (2015:10 hectares) of fuel tree plantations at year end.

Un-harvested green leaf

The un-harvested green leaf on tea bushes at the reporting date are measured at fair value less costs to sell using IAS41. The directors have made certain assumptions about the yields and market prices of green leaf and the cost of running the estates as follows:

- The Company's average harvest cycle is 14 days. There is sufficient actual data immediately following the reporting date to be able to reliably estimate the agricultural produce at the reporting date;
- Weather conditions are expected to remain relatively stable;
- The green leaf price that the Company pays to its third party out-growers is a reasonable estimate of the price the Company expects to fetch for final product sold in the market (black tea) less processing and other incidental costs. Consequently, the out-grower rate has been used to fair value the un-harvested green leaf at the reporting date; and
- The harvest cycle is short enough (14 days) not to require discounting.

The Company's tea estates harvested 3,156,480 Kgs (2015: 3,065,880 Kgs) of green tea leaf with a fair value of KShs 104 million (2015: KShs 122 million) for the year ended 31 December 2016.

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

18. BIOLOGICAL ASSETS (Continued)

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents group's biological assets that are measured at fair value at 31 December 2016, 31 December 2015 (restated) and 31 December 2014 (restated):

Year ended 31 December 2016:	**Level 1**	**Level 2**	**Level 3**	**Total**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Tea bushes				
- Green leaf	-	2,097	-	2,097
Fuel trees				
- Mature	-	-	6,574	6,574
	-	**2,097**	**6,574**	**8,671**
Year ended 31 December 2015:				
Tea bushes				
- Green leaf	-	-	-	-
Fuel trees				
- Mature	-	-	5,366	5,366
	-	-	**5,366**	**5,366**

Year ended 31 December 2014:	**Level 1**	**Level 2**	**Level 3**	**Total**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Tea bushes				
- Green leaf	-	-	-	-
Fuel trees				
- Mature	-	-	5,367	5,367
	-	-	**5,367**	**5,367**

The fair value of biological assets at 31 December 2016, 31 December 2015 (restated) and 31 December 2014 (restated) is classified as follows:

Year ended 31 December	**2016**	**2015 Restated**	**2014 Restated**
	KShs'000	**KShs'000**	**KShs'000**
Non-current (fuel trees)	6,574	5,366	5,367
Current (green leaf)	2,097	-	-
	8,671	**5,366**	**5,367**

The movement in the fair value of the assets within level 3 of the hierarchy is as follows:

18. BIOLOGICAL ASSETS (Continued)

Year ended 31 December	2016 KShs'000	2015 Restated KShs'000	2014 Restated KShs'000
At start of year	5,366	5,367	4,573
Gain/(loss) arising from changes in fair value less estimated costs to sell	1,208	(1)	794
At end of year	**6,574**	**5,366**	**5,367**

The reconciliation of fair value changes is analysed below:

Year ended 31 December 2016	Tea Bushes KShs' 000	Fuel Trees KShs' 000	Total KShs' 000
Carrying value as at 1 January 2016	-	5,366	5,366
Changes due to price/cost estimate	2,097	844	2,941
Changes due to yield estimate/cash flow timing	-	364	364
	2,097	**1,208**	**3,305**
Carrying value as at 31 December 2016	**2,097**	**6,574**	**8,671**

Year ended 31 December 2015:	Tea Bushes KShs' 000	Fuel Trees KShs' 000	Total KShs' 000
Carrying value as at 1 January 2015	-	5,367	5,367
Changes due to price/cost estimate	-	(492)	(492)
Changes due to yield estimate/cash flow timing	-	491	491
	-	**(1)**	**(1)**
Carrying value as at 31 December 2015	**-**	**5,366**	**5,366**

Year ended 31 December 2014:	Tea Bushes KShs' 000	Fuel Trees KShs' 000	Total KShs' 000
Carrying value as at 1 January 2014	-	4,573	4,573
Changes due to price estimate	-	-	-
Changes due to yield estimate/cash flow timing	-	794	794
	-	**794**	**794**
Carrying value as at 31 December 2014	**-**	**5,367**	**5,367**

The following table summarizes the techniques, significant unobservable inputs and the interrelationship between key unobservable inputs and fair value measurement of the biological assets.

18. BIOLOGICAL ASSETS (Continued)

Type	Fuel trees (standing timber)	Green leaf
Valuation technique	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 8 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	The valuation model considers the fair value of the the un-harvested green leaf as at December 2016. Green leaf volumes were determined by taking weighted average of a 14 day plucking cycle using January 2017 data. This was then valued using the 2016 out-grower average price.
Significant unobservable inputs	— Estimated future timber market prices per cubic meter (6% of current prices of KShs 1,947.8/M3) — Estimated future costs (6.5% inflation of current cost of KShs 704/M3) — Estimated yields per hectare (750M3) — Risk-adjusted annual discount rate (17.5%)	— Estimated unharvested green leaf volume as at year-end. — Own out-grower rate. Inability to obtain accurate green market price.
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) if: — The estimated timber prices per cubic meter were higher/(lower); — The estimated yields per hectare were higher(lower); — The estimated harvest, replanting, weeding and transportation costs were lower/(higher); or — The risk-adjusted discount rates were lower/(higher).	The estimated fair value would increase (decrease) if: — The out-grower green leaf prices per kilogram were higher/(lower); — The estimated unharvested volumes were higher/(lower);

Financial risk management strategies

The company is exposed to risks arising from environmental and climatic changes, commodity prices and financing risks. The company's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The company has strong environmental policies and procedures in place to comply with environmental and other laws.

19. PROPERTY AND EQUIPMENT

2016:	Buildings & freehold land KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Computers fixtures & fittings KShs'000	Bearer plants KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost							
At 1 January 2016	5,579	140	3,717	18	188,151	15,057	212,662
Additions	-	-	-	-	-	11,090	11,090
At 31 December 2016	5,579	140	3,717	18	188,151	26,147	223,752
Depreciation							
At 1 January 2016	3,356	46	3,717	18	60,688	-	67,825
Charge for the year	129	9	-	-	24,388	-	24,526
At 31 December 2016	3,485	55	3,717	18	85,076	-	92,351
Carrying amount							
At 31 December 2016	**2,094**	**85**	**-**	**-**	**103,075**	**26,147**	**131,401**

19. PROPERTY AND EQUIPMENT (Continued)

2015:	Buildings & freehold land KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Computers fixtures & fittings KShs'000	Bearer plants KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost/revaluation as deemed cost							
At 1 January 2015-As restated	6,162	-	3,646	26	191,592	7,436	208,862
Additions -WIP	-	-	-	-	-	7,621	7,621
Disposals	-	-	-	-	(3,441)	-	(3,441)
*Adjustment	(583)	140	71	(8)	-	-	(380)
At 31 December 2015	5,579	140	3,717	18	188,151	15,057	212,662
Depreciation							
At 1 January 2015-As restated	3,707	-	3,646	26	31,204	-	38,583
Charge for the year	129	9	-	-	30,344	-	30,482
Disposal	-	-	-	-	(860)	-	(860)
*Adjustment	(480)	37	71	(8)		-	(380)
At 31 December 2015	3,356	46	3,717	18	60,688	-	67,825
Carrying amount							
At 31 December 2015	**2,223**	**94**	**-**	**-**	**127,463**	**15,057**	**144,837**

19. PROPERTY AND EQUIPMENT (Continued)

2014:	Buildings & freehold land KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Computers fixtures & fittings KShs'000	Bearer plants KShs'000	Capital work in progress KShs'000	Total KShs'0
Cost/ revaluation as deemed cost							
At 1 January 2014- As restated	6,162	-	3,683	26	197,159	-	207,030
Additions	-	-	-	-	-	7,436	7,436
Disposal	-	-	(37)	-	(5,567)	-	(5,604)
At 31 December 2014	6,162	-	3,646	26	191,592	7,436	208,862
Depreciation							
At 1 January 2014 – As restated	3,569	-	3,683	26	-	-	7,278
Charge for the year	138	-	-	-	31,204	-	31,342
Disposal	-	-	(37)	-	-	-	(37)
At 31 December 2014	3,707	-	3,646	26	31,204	-	38,583
Carrying amount							
At 31 December 2014	**2,455**	**-**	**-**	**-**	**160,388**	**7,436**	**170,279**

Included in property and equipment are assets with a gross value of KShs 3,672,000. (2015 - KShs 3,736,000), which are fully depreciated, and still in use. The notional depreciation on these assets is KShs 914,570 (2015 - KShs 930,510).

* Reclassifications and adjustments relate to reclassifications and adjustments between asset classes to align the fixed assets register to the fixed assets movement.

20. RECEIVABLES AND PREPAYMENTS

	2016 KShs'000	2015 KShs'000
Receivable from parent (Note 24)	121,884	154,406
Other receivables	(1,019)	167
	120,865	**154,573**

The carrying amounts of the receivables and prepayments approximate their fair values.

21. CASH AND CASH EQUIVALENTS

	2016 KShs'000	2015 KShs'000
Cash at bank and in hand	**7,409**	**8,661**

22. PAYABLES AND ACCRUED EXPENSES

	2016	2015
Trade payables Accrued expenses	4,541	3,202
Other payables	23,379	16,365
	27,920	**19,567**

The carrying amounts of the above trade and other payables approximate to their fair values.

23. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations:

	2016 KShs'000	2015 KShs'000
(Loss)/profit before income tax	(26,731)	7,681
Adjustments for:		
Interest income (Note 10)	(12,182)	(13,768)
Depreciation (Note 19)	24,526	30,482
Loss on disposal of assets	-	2,581
(Gain)/loss arising from changes in fair value less estimated costs to sell for biological assets (Note18)	(3,305)	1
Post-employment benefit obligations – charge to income statement (Note 17)	4,000	3,000
Changes in working capital:		
- receivables and prepayments	33,708	(30,590)
- payables and accrued expenses	8,353	4,790
- inventory	(100)	(178)
Cash generated from operations	**28,269**	**3,999**

24. RELATED PARTY TRANSACTIONS

The Company is controlled by Unilever Tea Kenya Limited incorporated in Kenya. The ultimate parent and ultimate controlling related party of the Company is Unilever Plc, incorporated in England and Wales. There are other companies that are related to Limuru Tea Company Limited through common shareholdings.

24. RELATED PARTY TRANSACTIONS (Continued)

The following transactions were carried out with related parties:

		2016 KShs'000	2015 KShs'000
(a)	**Sale of goods and services**		
	Unilever Tea Kenya Limited: Sale of green leaf	103,915	122,374
(b)	**Purchase of services**		
	Services from Unilever Tea Kenya Limited	2,485	2,799

(c) Key management compensation

The company is managed by its parent company Unilever Tea Kenya Limited and is charged management fees. It does not pay any remuneration to its key management personnel other than the directors' remuneration below.

		2016 KShs'000	2015 KShs'000
(d)	**Directors remuneration**		
	Director's fees	576	410
(e)	**Outstanding balances arising from sale of goods and services**		
	Receivables from Unilever Tea Kenya Limited	121,884	154,406

The amount due from Unilever Tea Kenya Limited is interest earning. The interest rate is pegged on the rate of Kenya Government securities. At 31 December 2016, the interest rate was 10.99% (2015: 9%).

25. RESTATEMENT OF PRIOR YEAR BALANCES

During the year, the Company adopted the amendments to IAS 41, *Agriculture* which is effective for annual periods beginning on or after 1 January 2016. In the amendments, bearer plants are now in the scope of IAS 16, *Property, Plant and Equipment* for measurement and disclosure purposes and an entity can elect to measure bearer plants at cost or revaluation in line with the standard. The produce growing on bearer plants will however continue to be measured at fair value less cost to sell under IAS 41, *Agriculture*.

A bearer plant is defined as a plant that:

a) is used in the production or supply of agricultural produce;
b) is expected to bear produce for more than one period; and
c) has a remote likelihood of being sold as agricultural produce, except for scrap sales.

The Company's tea bushes meets the definition of bearer plants above and are therefore classified as bearer plants in the Company's property and equipment (Note 19). Fuel trees did not meet the definition of bearer plants and are therefore classified as biological assets together with un-harvested agricultural produce (green leaf) at the reporting date (Note 18). The nature and effect of the adoption of the amendments is explained below:

25. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(a) Statement of financial position

	Impact of the adoption of amendments		
2014:	**As previously reported**	**Adjustment**	**As restated**
Non-current assets	**KShs'000**	**KShs'000**	**KShs'000**
Property and equipment	9,891	160,388	170,279
Biological assets	196,702	(191,335)	5,367
Total non-current assets	**206,593**	**(30,947)**	**175,646**
Net current assets			
Current assets	132,008	-	132,008
Current liabilities	(16,331)	-	(16,331)
Total net current assets	**115,677**	**-**	**115,677**
Total assets	**322,270**	**(30,947)**	**291,323**
Equity			
Share capital and share premium	(24,000)	-	(24,000)
Proposed dividend	(1,200)	-	(1,200)
Retained earnings	(226,516)	23,894	(202,622)
Total equity	**(251,716)**	**23,894**	**(227,822)**
Non-current liabilities			
Deferred tax liability	(50,554)	7,053	(43,501)
Other non-current liabilities	(20,000)	-	(20,000)
Total non-current liabilities	**(70,554)**	**7,053**	**(63,501)**
Total equity and liabilities	**(322,270)**	**30,947**	**(291,323)**
2015:			
Non-current assets			
Property and equipment	2,317	142,520	144,837
Biological assets	176,279	(170,913)	5,366
Total non-current assets	**178,596**	**(28,393)**	**150,203**
Net current assets			
Current assets	163,565	-	163,565
Current liabilities	(28,187)	-	(28,187)
Total net current assets	**135,378**	**-**	**135,378**
Total assets	**313,974**	**(28,393)**	**285,581**

25. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(a) Statement of financial position (continued)

2015 (continued) Equity	Impact of the adoption of amendments As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Share capital and share premium	(24,000)	-	(24,000)
Proposed dividend	(2,400)	-	(2,400)
Retained earnings	(227,860)	24,392	(203,468)
Total equity	**(254,260)**	**24,392**	**(229,868)**
Non-current liabilities			
Deferred tax liability	(39,227)	4,001	(35,226)
Other non-current liabilities	(20,487)	-	(20,487)
Total non-current liabilities	**(59,714)**	**4,001**	**(55,713)**
Total equity and liabilities	**(313,974)**	**28,393**	**(285,581)**

(b) Statement of profit or loss and other comprehensive income

31 December 2015	Impact of the adoption of amendments As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Cost of sales	(88,571)	(30,344)	(118,915)
Fair value changes on biological assets	(35,480)	35,479	(1)
Income tax expense	(2,082)	(3,052)	(5,134)
Other income	491	(2,580)	(2,089)
Others-Net	128,686	-	128,686
Loss for the year	3,044	(497)	2,547
Other comprehensive income	700	-	700
Total other comprehensive income	**3,744**	**(497)**	**3,247**

LIMURU TEA COMPANY LIMITED

PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION SCHEDULE

Ten largest shareholders as at 31 December 2016

	Name	No. of Shares	% Shareholding
1	UNILEVER TEA KENYA LIMITED	1,247,976	52%
2	STANDARD CHARTERED NOMINEES A/C 9532	206,000	9%
3	MR. GULAMALI ISMAIL	156,800	7%
4	CANNON ASSURANCE (KENYA) LIMITED	145,800	6%
5	AMARJEET BALOOBHAI PATEL & BALOOBHAI CHHOTABHAI PATEL	127,000	5%
6	MR HASSAN POPAT	81,444	3%
7	ROPAT NOMINEES LIMITED	80,000	3%
8	ALIMOHAMED ADAM	60,000	3%
9	BIJAL MULCHAND SHAH	13,246	1%
10	SOSPETER NJOGU NDAMBURI	13,200	1%
	Total	**2,131,466**	**90%**

Distribution of shareholders as at 31 December 2016

Category	No. of shareholders	No. of shares	% Shareholding
Less than 1,000 shares	94	20,148	1
1,001-5,000 shares	42	87,868	4
5,001-10,000 shares	13	90,716	4
10,001-100,000 shares	11	317,692	13
100,001-500,000 shares	4	635,600	26
Over 500,000	1	1,247,976	52
Total	165	2,400,000	100

Shareholders' profile:

Category	No. of shareholders	No. of shares	%
Foreign investors	10	23,595	1
Local individual investors	155	2,376,405	99
Total	165	2,400,000	100

LIMURU TEA COMPANY LIMITED

PROXY FORM

I/We____
(please use block letters)

being a member/members of Limuru Tea Company Limited hereby appoint

____
(please use block letters)

failing whom the Chairman of the meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Ninetieth annual general meeting of the Company to be held on Friday 26 May 2017 and at any adjournment thereof.

I/We desire to vote on the resolutions set out in the notice of the meeting as shown below *(please tick the appropriate space)*.

		Resolution	For	Against
	ORDINARY BUSINESS			
1	To receive, consider and adopt the balance sheet and the financial statements for the year ended 31 December 2016 and the Reports of the Directors and Auditors thereon	2		
2.	To note that the Directors do not recommend payment of dividend to shareholders for the year ended 31 December 2016.	3		
3.	Re-election of Directors	4		
4.	Appointment of Directors as members of the Board Audit Committee	5		
5.	To approve the Directors' remuneration for the year ended 31st December 2016	6		
6.	Re-appointment of auditors	7		
	SPECIAL BUSINESS			
7.	Special resolution to change the name of the Company	9		

As witness my/our hand this______________day__________________2017

Signature(s)____

NOTES

1. *This proxy form must be filled and returned to the Company Secretary, Limuru Tea Company Limited, PO Box 42011, 00100 Nairobi later than 11 a.m. on Wednesday 24th May, 2017.*
2. *All alterations to the proxy form must be initialled.*
3. *Should the form of proxy be returned signed, but without specific directions as to how the proxy should vote, the Chairman or proxy chosen may vote or abstain at his/her discretion.*
4. *A Corporation should execute under its common seal or by the hand of any officer or attorney duly authorised in writing.*

To be posted to:
The Company Secretary
Limuru Tea Company Limited
P. O. Box 42011
00100 Nairobi