LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

AS AT

31 DECEMBER 2017

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Richard Korir	Chairman	Appointed 5th June 2017
Nicholaos Yiannakis*		Appointed on 26th May 2017
Collins Bett		
Felgona Omollo		Appointed on 6th June 2017
Samson Korir		Appointed on 9th November 2017
Duncan Stickler*		Resigned on 26th May 2017
Edwin Komen		Resigned on 9th November 2017

*British

COMPANY SECRETARY
Alison Kariuki, LLB, CPS (K)

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

PRINCIPAL PLACE OF BUSINESS
Limuru Tea Plc
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
Chester House, Koinange Street
PO Box 30076
00100 Nairobi GPO

Minet Kenya Financial Services Limited
(Formerly AON Minet Insurance Brokers Limited)
AON Minet House, Off Nyerere Road
PO Box 55289
00100 Nairobi GPO

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)
NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 DECEMBER 2017

NOTICE IS HEREBY GIVEN that the **93rd ANNUAL GENERAL MEETING of the Shareholders of LIMURU TEA PLC (formerly Limuru Tea Company Limited) ("the Company")** will be held at Brackenhurst Hotel, Limuru on 25th May 2018 at 09:00am 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 2017 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 2017.
4. To elect Directors:
   — In accordance with Article 100 of the Company's Articles of Association Mr. Samson Korir 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:
   — Samson Korir
   — Collins Bett
   — Felgona Omollo
6. To approve company policies pursuant to the provisions of Section F.13 of the Capital Markets (Licensing Requirements) (General) (Amendment) Regulations, 2016:
   — Board Remuneration Policy;
   — Communication and Corporate Disclosure Policy; and
   — Code of Business Principles.
7. To approve the Directors' remuneration for the year ended 31st December 2017, as provided in the audited financial statements.
8. 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.
9. To transact any other business of the Annual General Meeting in respect of which notice has been given.

BY ORDER OF THE BOARD

ALISON- I. N. KARIUKI
CERTIFIED PUBLIC SECRETARY
REG. No. 1384
6874 - 00100, NAIROBI

Alison I.N. Kariuki
Company Secretary
Date: 9 March 2018

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 Plc., PO Box 42011 - 00100, Nairobi not later than 11.00 a.m. on Wednesday, 23rd May 2018.*
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 2017 have been published in two daily newspapers with nationwide circulation.*

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

Limuru Tea Plc owns 282 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 2017 experienced much drier conditions than the previous year. The overall effect of the low rainfall led to a drop in volumes produced from 473 million to 439 million kilograms of made tea in Kenya, with the east of rift being impacted more than the west of rift. Limuru Tea Plc, which is in the east of rift, had a significant drop in volumes for the same reason.

The Tea Markets
The average Mombasa auction price for all the Kenyan teas increased from an average of 2.36USD/kg recorded in 2016 to 2.98USD/kg in 2017 due to reduced supply. (Source Tea Directorate)

Company performance
The estate operations are managed in line with UTKL best practice. In 2017 the Company produced 2,039,613 (2016: 3,156,480) kilograms of green leaf, which in turn was manufactured into 469,609 (2016: 710,677) kilograms of black tea. Green Leaf and black tea decreased by 34% in 2017.

The turnover dropped by 23% from 104 million in 2016 to 80 million in 2017. This was as a result of the lower volumes produced in 2017. The employees industrial action experienced during the year also negatively impacted the volume of leaf realised.

Limuru Tea Plc posted a pre-tax loss of KShs 31.6 million for the year ended 31 December 2017 compared to a pre-tax loss of KShs 26.7million for the year ended 31 December 2016. The increase in pre-tax loss compared to the same period for the previous year is largely attributed to decreased volumes and inflationary pressures on costs.

Strategic initiatives the firm is undertaking during the year
The Limuru Tea Plc has over the past four 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 46ha has been replanted and a further 7ha arising from consolidation (planting in previously open spaces). This is now being followed up with intensive infilling program in older fields to improve crop cover and is expected to boost productivity and increase the volumes of green leaf tea produced by the company in the long run.

Prospects, risks, environment and market
Even though 2018 started with a slow pace due to the dry weather experienced in the first two months of the year suppressing crop volumes, it is expected that we will see good improvement in crop yield with the increased rainfall that started end of February. Auction prices are steady while the Kenya shilling has shown indications of strengthening against the US dollar. The other risks faced by the Company are as outlined in Note 5 to the financial statements.

If the improved weather conditions continue into the second quarter of the year and the market remains steady together with the cost management initiatives the business is undertaking, the full year results will be expected to be better than last year.

Tribute to employees
Finally, I would like to pay tribute to all our employees for their support and contribution to the Limuru Tea Plc business during 2017.

Dr. Richard Korir
Chairman

Date: 9 March 2018

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors submit their report together with the audited financial statements for the year ended 31 December 2017, in accordance with the Kenya Companies Act, 2015 which disclose the state of affairs of Limuru Tea PLC (formerly Limuru Tea Company Limited) (the "Company").

1. Principal activities

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

2. Change of name

Pursuant to section 53 of the Kenyan Companies Act, 2015, the Company changed its name from Limuru Tea Company Limited to Limuru Tea PLC on 4th July 2017.

3. Results

The loss for the year of KShs 22,134,000 (2016: loss of KShs 19,074,000) has been added to retained earnings.

4. Dividends

The directors do not recommend the payment of a dividend (2016 - Nil).

5. Directors

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

6. **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.

7. Auditors

The auditors, KPMG Kenya, have indicated their willingness to continue in office in accordance with the Kenyan Companies Act, 2015.

8. Business overview

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

9. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors held on 9 March 2018.

BY ORDER OF THE BOARD

ALISON N. N. KARIUKI
CERTIFIED PUBLIC SECRETARY
REG. No. 1384
P.O. Box 6674-00100, NAIROBI

Company Secretary

Date: 9 March 2018

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

DIRECTORS REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

This Directors' remuneration report sets out the remuneration arrangements for Limuru Tea PLC (formerly Limuru Tea Company Limited) directors for the year ended 31 December 2017.

Details of directors

The remuneration report details the remuneration arrangements for directors who served during the year. The executive and non-executive directors listed below are collectively referred to as directors.

3 Executive Directors:

— Mr. Nicholaos Yiannakis	Appointed on 26th May 2017
— Duncan Stickler	Resigned on 26th May 2017
— Mr. Collins Bett	
— Mr. Samson Korir	Appointed on 9th November 2017
— Edwin Komen	Resigned on 9th November 2017

2 Non-executive directors:

— Dr. Richard Korir	Chairman (Appointed on 5th June 2017)
— Ms Felgona Omollo	Appointed on 6th June 2017

Remuneration Policy for the Non-Executive Chairman and Non-Executive Directors

The remuneration of the Non-Executive Chairman and Non-executive Directors is determined by the Nomination Committee. These Board members receive annual fees and allowances for attending meetings. Non-Executive roles are not entitled to any performance related pay or pension.

The Non-Executive Chairman and Non-Executive Directors do not have service contracts. The Company's policy is to appoint the Non-Executive Directors for an initial three-year period, which may be extended for a further term by mutual consent. The initial appointments and any subsequent reappointments are subject to annual election or re-election by shareholders.

Non-Executive Directors' appointments may be terminated at any time by serving three months' written notice by either party, but six months' in the case of the Non-Executive Chairman.

Non-Executive Director Remuneration Policy

The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. Fees are paid in cash.

The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as chairing committees and sitting on appointed board committees.

The value of benefits provided will be reasonable in the market context and take account of the individual circumstances and benefits provided in comparable roles for companies within the Industry.

DIRECTORS REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Executive Director Remuneration Policy

The remuneration of the Executive Directors including but not limited to contract terms, monthly pay and participation in the Company's short and long-term incentive plans are set by the Nomination Committee.

The Company's policy is to appoint the Executive Director for an initial two-year period, which may be extended for a further term by mutual consent. The initial appointments and any subsequent reappointments are subject to annual review by the Nomination Committee.

The salary for the Executive Director is set at a level which is considered appropriate to attract an individual with the necessary experience and ability to oversee the business. The salary is paid in cash. This is subject to annual review in December of each year. Judgement is used but consideration is given to a number of internal and external factors including responsibilities, market positioning, inflation and company performance.

Travel and other reasonable expenses (including any associated taxes) incurred in the course of performing their duties are reimbursed.

Changes to directors' remuneration

There were no substantial changes relating to the directors' remuneration made during the year (2016: None).

Contract of service – Executive directors

Name	Date of contract	Unexpired term	Notice period	Amount payable for early termination
Mr. Nicholaos Yiannakis	26 May 2017	1 year	1 month	None
Mr. Collins Bett	29 November 2017	1 year 7 months	1 month	None
Mr. Samson Korir	9 November 2017	1 year 6 months	1 month	None
Mr. Duncan Stickler	1 June 2014	None	1 month	None
Mr. Edwin Komen	1 June 2014	None	1 month	None

Directors' remuneration paid during the year

Non-executive directors

NAME	2017			2016		
	Fees KShs'000	Sitting Allowance KShs'000	Total KShs'000	Fees KShs'000	Sitting Allowance KShs'000	Total KShs'000
Dr. Richard Korir	353	196	549	336	240	576
Ms Felgona Omollo	168	105	273	-	-	-
Total	**521**	**301**	**822**	**336**	**240**	**576**

Executive directors

Executive directors who also work within the Unilever Group of Companies do not earn any remuneration for acting as directors of Limuru Tea Plc.

There were no other sums paid to third parties in respect of directors' services.

DIRECTORS REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Directors' remuneration paid during the year (continued)

Approval of the directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the IFRSs.

By Order of the Board

I. N. KARIUKI
CERTIFIED PUBLIC SECRETARY
No. 1384
00100, NAIROBI

Company Secretary

Date: 9 March 2018

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

BOARD OF DIRECTORS AND DIRECTORS' PROFILES 2017

Dr. Richard Korir
Kenyan
Dr Richard Cheruiyot Arap Korir is a non-executive director and the Chairman of the Board of Directors of Limuru Tea Plc.

Dr. Korir is accomplished veterinary and agricultural development professional with over forty years' experience in agricultural production, animal health and managing projects and experienced in agricultural policy making and development in East Africa.

He has served as a Lead Consultant, Beef value chain, South West Mau Complex under IDH/ISLA. He is a past chairman of the Board of Directors of Kapkatet Tea Factory, Kericho County and in addition served as a Director and Chief Executive Officer of the Kenya Veterinary Vaccines Production Institute and a past Non-Executive Director of Unilever Tea Kenya Limited.

Mr. Nicholaos Yiannakis
British
Nicholaos Yiannakis is an Executive Director to the Board of Limuru Tea Plc.

Nicholaos is the current Managing Director of Limuru Tea Plc.

Nicholaos has over four (4) years of professional experience in executive management and was the immediate former Managing Director of Unilever Tea Tanzania. Where he led a turnaround of the Mufindi and Njombe plantations' operations and reduced costs while increasing output. In addition he led the implementation of social impact projects aligned to the Rainforest Alliance Certification.

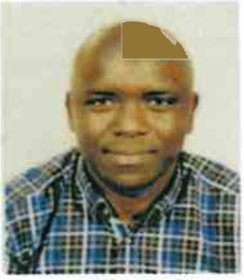
Prior to this, Nick was the Unilever Procurement Director Tea responsible for Russia, Africa & Mid-East based in Mombasa, Kenya and a Board Member of the Kenya Shippers organization (SCEA). In addition to the above roles, he has held various other roles in Unilever around the world, Europe Supply Planning Manager, Hair & Oral Category Procurement Manager as well as Global Procurement Manager (France & Switzerland).

Ms. Felgona Omollo
Kenyan
Felgona Omollo is a non-executive director to the Board of Directors of Limuru Tea Plc.

Felgona is a seasoned Human Resource practitioner and is currently consulting with the United Nations in Uganda. She has had experience in handling challenging Human Resource environment which she brings on board to Limuru Tea plc.

Felgona holds a Bachelor of Business Management Degree majoring in Human Resource Management, a Diploma in Human Resource Management, an international Diploma in Personnel Management and industrial relations and a certificate in psychological Counselling. Felgona is a member of the Institute of Human Resource Management.

BOARD OF DIRECTORS AND DIRECTORS' PROFILES 2017 (CONTINUED)



Mr. Collins Bett
Kenyan
Collins Bett is an Executive Director to the Board of Limuru Tea Plc.

Collins is the current Operations Manager of Unilever Tea Kenya, Central Tea Group and has over twenty one (21) years of professional experience in general management. He has previously held the roles of Factory Manager – Foods at Unilever Kenya Limited and Supply Chain Manager at Unilever Tea Kenya.

Collins holds a Bachelor of Science Degree in Electrical Engineering and an MBA in Strategic management from the University of Nairobi.

Mr. Samson Korir
Kenyan

Samson Kiprotich Korir is an Executive Director to the Board of Limuru Tea Plc

Samson is the current Finance Manager of Unilever Tea Kenya and has over six (6) years of professional experience in Finance. Samson joined Unilever from Bank of Africa where he worked until 2010 as a Banking Assistant. He has previously held the role of Reporting & Analytics Assistant Manager, Finance Officer Customer Development as well as Central Tea Group Accountant.

Samson holds a Bachelor of Arts Degree majoring in Economics and an MBA in Finance from the University of Nairobi.

He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya.

Mrs. Alison I.N. Kariuki
Company Secretary
Kenyan
Alison is the Legal director for Unilever, East Africa. Prior to joining Unilever, she had worked at Diageo as a Legal Counsel - Kenya Breweries Limited (KBL), a member of the Kenya Executive team, primary counsel to the KBL MD and FD, whilst providing leadership and functional expertise to the business.

Her first in-house counsel role was with British American Tobacco Kenya Limited ('BAT') as the East Africa Zone Legal Manager, with responsibilities spanning across BAT's business in East Africa and the Horn of Africa and a secondment to Uganda as Company Secretary and Head of Legal for BAT Uganda. Prior to moving in-house, she was a senior commercial associate at Daly & Figgis Advocates, specialising in commercial matters

Alison holds a Master's Degree in International Relations, Staffs UK and Bachelor's Degree in Law, LL.B, University of Nairobi.

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

CORPORATE GOVERNANCE

Overview

Limuru Tea Plc is committed to comply with the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the "Corporate Governance Code") and the Capital Markets (Licensing Requirements) (General) (Amendment) Regulations, 2016 (the "Corporate Governance Regulations") as issued by the Capital Markets Authority. Besides complying with external corporate governance regulations, the Company has embedded internal rules of engagement to support corporate governance. These internal guidelines are constituted in the Governance of Limuru Tea Plc.

The Role of the Board

The Board is responsible for the overall conduct of the Company and has the powers, authorities and duties vested in it pursuant to the relevant laws of the Republic of Kenya and the Articles of Association of Limuru Tea Plc.

In all its dealings, the Board has regard to the interests of the Company as a whole, including its shareholders, employees, customers and suppliers, together with its social and legal responsibilities in the communities in which it operates and to the environment.

The Board has the final responsibility for the management, direction and performance of the Company and its business. The identification and management of risk is fundamental to carrying through the Company's strategy and to achieving its long-term goals.

Board Committees

The Board retains effective control over the Company's operations and has established committees (the "**Committees**") to assist it in providing detailed attention to specific areas. The Committees report to the Board at each meeting highlighting matters discussed at their respective meetings and recommended actions.

(i) Audit Committee

This Committee's responsibilities include; review of financial statements, compliance with accounting standards, oversight on internal control systems and the internal audit function, identification, assessment and liaison with the external auditor, corporate governance and finance and investment. This Committee meets at least twice a year.

(ii) Nominations Committee

This Committee is responsible for; evaluation, induction, remuneration, appraisal, training and upskilling of directors, nomination of new directors and composition of the board. This Committee meets at least once a year.

Communication with stakeholders and Corporate Disclosures

Limuru Tea Plc. has in place an internal Communication and Corporate Disclosure Policy that sets out the standards of communication to be expected of the Company by its Shareholders; ensures that the Board proactively supplies relevant information to Stakeholders; and aims to enhance transparency and disclosure.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Limuru Tea PLC (formerly Limuru Tea Company Limited) (the "Company") set out on pages 16 to 54 which comprise the statement of financial position at 31 December 2017, 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 and authorised for issue by the Board of Directors on 9 March 2018.

Nicholaos Yiannakis
Director

Samson Korir
Director

Date: 9 March 2018

KPMG

KPMG Kenya
Certified Public Accountants
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LIMURU TEA PLC (formerly Limuru Tea Company Limited)

Report on the audit of financial statements

Opinion

We have audited the financial statements of Limuru Tea PLC (formerly Limuru Tea Company Limited) (the "Company") set out on pages 16 to 54, which comprise the statement of financial position at 31 December 2017, 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 PLC (formerly Limuru Tea Company Limited) as at 31 December 2017, 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 PLC (formerly Limuru Tea Company Limited) (CONTINUED)

Report on the audit of financial statements (continued)

Key audit matters (continued)

Valuation of biological assets

See accounting policy note 3 (d) and disclosure note 18 – Biological assets

The key audit matter	How the matter was addressed in our audit
The Company's biological assets include unharvested produce growing on tea bushes and standing timber which are 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. Valuation of biological assets is a key audit matter because the determination of the fair value of biological assets is a key area of estimation uncertainty and is subject to significant management judgment.	Our audit procedures in this area included, among others: — Evaluating the Company's inputs and assumptions used in calculating the estimated cash flows by comparing them 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 biological assets by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts. — Evaluating the accuracy of the computations as well as the appropriateness of the discount rates used to discount cashflows. — Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Deferred tax arising from tax losses

See accounting policy note 3 (g) and disclosure note 16 - Deferred tax

The key audit matter	How the matter was addressed in our audit
The Company's deferred tax assets and liabilities includes recognised deferred tax assets amounting to KShs 7.3 million 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, the reversal of temporary differences and utilisation of tax losses before they expire.	Our audit procedures in this area included, among others: — Using the Company's tax specialists to evaluate the tax strategies the Company expects will enable successful recovery of the recognised deferred tax assets. — Reconciling tax losses and expiry dates to the tax statements/computation and returns. — 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.

KPMG

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

LIMURU TEA PLC

(formerly 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 and Financial Statements*, 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 11, 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.

KPMG

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LIMURU TEA PLC (formerly 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 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 in our opinion:

— the information given in the report of the directors for the year ended 31 December 2017 on page 4 is consistent with the financial statements;

— the auditable part of the directors' remuneration report on page 5 – 7 has been properly prepared in accordance with the Kenyan Companies Act, 2015; and

— We have issued an unqualified audit report on the annual financial statements.

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

KPMG Kenya

Date: 9 March 2018

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 KShs'000	2016 KShs'000
Revenue	6(a)	80,370	103,915
Cost of sales	7	(111,921)	(139,619)
Gross loss		**(31,551)**	**(35,704)**
(Loss)/gain arising from changes in fair value of biological assets less costs to sell	18	(3,658)	3,305
Other income	8	409	734
		(34,800)	**(31,665)**
Expenses			
Administrative expenses	9	(4,082)	(6,042)
Other operating expenses		(1,524)	(1,206)
Loss from operating activities		**(40,406)**	**(38,913)**
Finance income	10	8,841	12,182
Loss before taxation	**11**	**(31,565)**	**(26,731)**
Income tax credit	12(a)	9,431	7,657
Loss after taxation		**(22,134)**	**(19,074)**
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Actuarial gain/(loss) on post-employment benefits obligation	17	6,000	(3,832)
Tax effect on actuarial gain/loss on post-employment benefits obligation	16	(1,800)	1,150
Total other comprehensive income net of income tax		**4,200**	**(2,682)**
Total comprehensive income for the year		**(17,934)**	**(21,756)**
Basic and diluted earnings per share (KShs)	13	**(9.22)**	**(7.95)**

The notes set out on pages 20 to 54 form an integral part of these financial statements.

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 KShs'000	2016 KShs'000
EQUITY (Page 18)			
Share capital	14	24,000	24,000
Retained earnings		163,778	181,712
Total equity		**187,778**	**205,712**
Non-current liabilities			
Deferred income tax liability	16	12,183	22,561
Post-employment benefit obligations	17	22,609	26,000
		34,792	**48,561**
		222,570	**254,273**
REPRESENTED BY:			
Non-current assets			
Biological assets – fuel trees	18	3,638	6,574
Property and equipment	19	118,094	131,401
		121,732	**137,975**
Current assets			
Inventory		-	431
Biological asset - green leaf	18	1,375	2,097
Current income tax recoverable	12(c)	13,214	13,416
Receivables and prepayments	20	117,766	120,865
Cash and cash equivalents	21	7,922	7,409
		140,277	**144,218**
Current liabilities			
Payables and accrued expenses	22	39,439	27,920
		39,439	**27,920**
Net current assets		**100,838**	**116,298**
		222,570	**254,273**

The financial statements on pages 16 to 54 were approved and authorised for issue by the board of directors on 9 March 2018 and signed on its behalf by:

Nicholaos Yiannakis
Director

Samson Korir
Director

The notes set out on pages 20 to 54 form an integral part of these financial statements.

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
2017:				
At 1 January 2017	**24,000**	**181,712**	**-**	**205,712**
Total comprehensive income				
Loss for the year	-	(22,134)	-	(22,134)
Other comprehensive income:				
Actuarial gain on post-employment benefit obligation net of tax	-	4,200	-	4,200
Total comprehensive income for the year	**-**	(17,934)	-	(17,934)
At 31 December 2017	**24,000**	**163,778**	**-**	**187,778**
2016:				
At 1 January 2016	**24,000**	**203,468**	**2,400**	**229,868**
Total comprehensive income				
Loss for the year	-	(19,074)	-	(19,074)
Other comprehensive income:				
Actuarial loss 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 2016	**24,000**	**181,712**	**-**	**205,712**

The notes set out on pages 20 to 54 form an integral part of these financial statements.

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 KShs'000	2016 KShs'000
Operating activities			
Cash generated from operations	23	8,827	28,269
Interest received	10	8,841	12,182
Income tax paid	12(c)	(2,545)	(25,894)
Post-employment benefits paid	17	(3,391)	(2,319)
Net cash generated from operating activities		**11,732**	**12,238**
Investing activities			
Purchase of property and equipment	19	(11,219)	(11,090)
Net cash used in investing activities		**(11,219)**	**(11,090)**
Financing activities			
Dividends paid		-	(2,400)
Net cash used in financing activities		**-**	**(2,400)**
Net increase/(decrease) in cash and cash equivalents		**513**	**(1,252)**
Movement in cash and cash equivalents:			
At start of year		7,409	8,661
Increase/(decrease)		513	(1,252)
At end of year	21	**7,922**	**7,409**

The notes set out on pages 20 to 54 form an integral part of these financial statements.

1. GENERAL INFORMATION

Limuru Tea PLC (formerly 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.

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.

(b) Basis of measurement

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. Details of significant accounting policies are included under note 3.

(c) 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)

(d) 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 in 2016.

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
— Motor vehicles	4 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. When they exist, 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 2017, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2017. The nature and effects of the changes are as explained here in.

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

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.

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)

Disclosure Initiative (Amendments to IAS 7) - continued

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 apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

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

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.
- 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.

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)

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

The standard was 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 did not have a significant impact on the financial statements of the Company.

Annual improvements cycle (2012-2014) – various standards

Standard	Amendments
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 2017

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2017, and have not been applied in preparing these financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

— 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
— IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
— IAS 40 Transfers of Investment Property	1 January 2018
— IFRS 16 Leases	1 January 2019
— IFRIC 23 Income tax exposures	1 January 2019
— IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
— IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
— IFRS 17 Insurance contracts	1 January 2021
— Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	To be determined

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 standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (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 standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

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

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.

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.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

This Interpretation applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it).

This Interpretation stipulates that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

This Interpretation does not apply to income taxes, insurance contracts and circumstances when an entity measures the related asset, expense or income on initial recognition:

(a) at fair value; or
(b) at the fair value of the consideration paid or received at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability arising from advance consideration (for example, the measurement of goodwill applying IFRS 3 Business Combinations).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration - continued

The amendments apply retrospectively for annual periods beginning on or after 1 January 2018, with early application permitted.

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

***Transfers of Investment property* (Amendments to IAS 40)**

The IASB has amended the requirements in IAS 40 Investment property on when a company should transfer a property asset to, or from, investment property.

The adoption of these standard will not have an impact on the financial statements of the Company.

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:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

IFRS 16: Leases - continued

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

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.

IFRIC 23 Clarification on accounting for Income tax exposures

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

IFRIC 23 Clarification on accounting for Income tax exposures - continued

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made. Uncertainty is reflected in the overall measurement of tax and separate provision is not allowed.

The entity is required to measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use either the most likely amount method or the expected value method when measuring an uncertainty).

The entity will also need to provide disclosures, under existing disclosure requirements, about

(a) judgments made;
(b) assumptions and other estimates used; and
(c) potential impact of uncertainties not reflected.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

***Prepayment Features with Negative Compensation* (Amendments to IFRS 9)**

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted.

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

***Long-term Interests in Associates and Joint Ventures* (Amendment to IAS 28)**

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

***Long-term Interests in Associates and Joint Ventures* (Amendment to IAS 28) - continued**

The amendments apply for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

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

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. An entity shall apply IFRS 17 Insurance Contracts to:

(a) insurance contracts, including reinsurance contracts, it issues;
(b) reinsurance contracts it holds; and
(c) investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of:

(a) the fulfilment cash flows—the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and

(b) the contractual service margin—the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the Company expects to recognise in the future. IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected. IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates. The entity:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards, amendments and interpretations (Continued)

(ii) New standards, amendments and interpretations in issue but not yet effective for the year ended 31 December 2017 (continued)

IFRS 17 Insurance Contracts - continued

(a) accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; and
(b) chooses where to present the effects of some changes in discount rates—either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the Company faces from issuing insurance contracts.

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January 2021. An entity shall apply the standard retrospectively unless impracticable. A Company can choose to apply IFRS 17 before that date, but only if it also applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

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

Sale or Contribution of Assets between an Investor and its Associate or Company (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 Company 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 Company 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 affect the amounts and disclosures of the Company's financial statements.

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:

	2017 KShs'000	**2016 KShs'000**
Receivable from parent company	117,733	121,884
Other receivables	33	-
Bank balances	7,922	7,409
Total liabilities	**125,688**	**129,293**

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 2017:	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	7,318	-		-	-	7,318
Other payables	-	-	32,121	-	-	32,121
Total liabilities	**7,318**	**-**	**32,121**	**-**	**-**	**39,439**

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**

(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 2017 the Company's strategy which was unchanged from 2016, was to use funds generated from internal sources. No funds were borrowed from the market.

6. REVENUE

	2017 KShs'000	2016 KShs'000
(a) Revenue		
Sale of green leaf to Unilever Tea Kenya Limited	80,370	103,915

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.

	2017 KShs'000	2016 KShs'000
7. COST OF SALES		
Labour costs	73,826	103,056
Fertilizers and chemicals	5,772	7,069
Depreciation expense (Note 19)	24,526	24,526
Other costs and expenses	7,797	4,968
	111,921	**139,619**
8. OTHER INCOME		
Rental and other income	**409**	**734**
9. ADMINISTRATIVE EXPENSES		
Administrative staff costs	440	1,078
Rent and utilities	1,679	2,263
Bank charges	445	407
Other expenses	1,518	2,294
	4,082	**6,042**
10. FINANCE INCOME		
Interest income	**8,841**	**12,182**

11. LOSS BEFORE TAX

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

	2017 KShs'000	2016 KShs'000
Employee benefits expense	81,187	108,313
Depreciation of property and equipment (Note 19)	24,526	24,526
Repairs and maintenance expenditure on property and equipment	1,369	2,674
Auditor's remuneration	271	121
Interest income	(8,841)	(12,182)

11. LOSS BEFORE TAX (Continued)

The following items are included within employee benefits expense:

	2017 KShs'000	2016 KShs'000
Salaries and wages	74,266	103,227
Post-employment benefits costs:		
- Unfunded gratuity provision (Note 17)	6,000	4,000
- National Social Security Fund	921	1,086
	81,187	**108,313**

The average numbers of staff engaged by the company during the year were:

	2017	2016
Management	1	1
Non-management	250	249
Term contract employees	134	186
Total	**385**	**436**

12. TAXATION

	2017 KShs'000	2016 KShs'000
(a) Income tax credit		
Current income tax:		
Current year	2,747	3,858
Deferred tax:		
Deferred tax credit (Note 16)	(12,178)	(11,515)
Income tax credit	**(9,431)**	**(7,657)**

(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:

	2017 KShs'000	2016 KShs'000
Loss before income tax	**(31,565)**	**(26,731)**
Tax at 30% (2016 - 30%)	(9,470)	(8,019)
Tax effects of expenses not deductible for tax purposes	39	362
Income tax (credit)/expense	**(9,431)**	**(7,657)**

(c) Movement in tax recoverable

	2017 KShs'000	2016 KShs'000
Balance at 1 January	**(13,416)**	**8,620**
Charge for the year	2,747	3,858
Taxation paid	(2,545)	(25,894)
Tax recoverable at 31 December	**(13,214)**	**(13,416)**

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.

	2017	2016
Loss attributable to equity holders of the Company (KShs'000')	(22,134)	(19,074)
Weighted average number of ordinary shares in issue (thousands)	2,400	2,400
Basic earnings per share (KShs)	(9.22)	(7.95)

There were no potentially dilutive shares outstanding at 31 December 2017 (2016 – 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 2016, 1 January 2017 and 31 December 2017	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 2017 (2016: Nil).

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:

2017:	At 1 January 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	2,601	(1,097)	-	1,504
Property and equipment	38,769	(3,954)	-	34,815
	41,370	(5,051)	-	36,319
Deferred tax assets				
Post-employment benefit obligations	(7,800)	(782)	1,800	(6,782)
Tax losses	(4,280)	(3,045)	-	(7,325)
Other temporary differences	(6,729)	(3,300)	-	(10,029)
	(18,809)	(7,127)	1,800	(24,136)
Net deferred tax liability	**22,561**	**(12,178)**	**1,800**	**12,183**

16. DEFERRED TAX (Continued)

2016:	At 1 January 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**

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
2017	10,149	2026
Total	**24,417**	

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:

	2017 KShs'000	2016 KShs'000
Service gratuities	22,609	26,000

17. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

	2017 KShs'000	2016 KShs'000
At 1 January	26,000	20,487
Charged to income statement	6,000	4,000
Actuarial (gain)/loss recognised in other comprehensive income	(6,000)	3,832
Payments in the year	(3,391)	(2,319)
At 31 December	**22,609**	**26,000**

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

	2017 KShs'000	2016 KShs'000
Current service cost	2,000	1,000
Interest cost	4,000	3,000
Total, included in employee benefits expense (Note 11)	**6,000**	**4,000**

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	12.8%	13.5%
Future salary increases	9%	9.0%
Inflation	7.5%	7.5%

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:

2017:	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	23	22	23	23	22
Service cost	2	2	2	2	2
Interest cost	3	3	3	3	3

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

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 2016 and 2017 are as follows:

18. BIOLOGICAL ASSETS (Continued)

- 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% (2016: 14%) based on the weighted average cost of capital as well as crop risk.

The company also had 10 hectares (2016:10 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 2,039,613 Kgs (2016: 3,156,480 Kgs) of green tea leaf with a fair value of KShs 80 million (2016: KShs 104 million) for the year ended 31 December 2017.

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:

- 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 Company's biological assets that are measured at fair value at 31 December 2017, and 31 December 2016.

Year ended 31 December 2017:	**Level 1 KShs'000**	**Level 2 KShs'000**	**Level 3 KShs'000**	**Total KShs'000**
Tea bushes				
- Green leaf	-	1,375	-	1,375
Fuel trees				
- Mature	-	-	3,638	3,638
	-	**1,375**	**3,638**	**5,013**

18. BIOLOGICAL ASSETS (Continued)

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

The fair value of biological assets at 31 December 2017 and 31 December 2016 is classified as follows:

Year ended 31 December	2017 KShs'000	2016 KShs'000
Non-current (fuel trees)	3,638	6,574
Current (green leaf)	1,375	2,097
	5,013	**8,671**

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

Year ended 31 December	2017 KShs'000	2016 KShs'000
At start of year	6,574	5,366
(Loss)/ gain arising from changes in fair value less estimated costs to sell	(2,936)	1,208
At end of year	**3,638**	**6,574**

The reconciliation of fair value changes is analysed below:

Year ended 31 December 2017	Green leaf KShs' 000	Fuel Trees KShs' 000	Total KShs' 000
Carrying value as at 1 January 2017	**2,097**	**6,574**	**8,671**
Changes due to price/cost estimate	(239)	(798)	(1,037)
Changes due to yield estimate/cash flow timing	(483)	(2,138)	(2,621)
	(722)	**(2,936)**	**(3,658)**
Carrying value as at 31 December 2017	**1,375**	**3,638**	**5,013**

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**

18. BIOLOGICAL ASSETS (Continued)

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

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 2017. Green leaf volumes were determined by taking weighted average of a 14 day plucking cycle using January 2018 data. This was then valued using the 2017 out-grower average price.
Significant unobservable inputs	— Estimated future timber market prices per cubic meter (6% of current prices of KShs 2,356.2/M3) — Estimated future costs (6.5% inflation of current cost of KShs 426/M3) — Estimated yields per hectare (750M3) — Risk-adjusted annual discount rate (14%)	— 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 has strong environmental policies and procedures in place to comply with environmental and other laws.

19. PROPERTY AND EQUIPMENT

2017:	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 2017	5,579	140	3,717	18	188,151	26,147	223,752
Additions	-	-	-	-	-	11,219	11,219
At 31 December 2017	5,579	140	3,717	18	188,151	37,366	234,971
Depreciation							
At 1 January 2017	3,485	55	3,717	18	85,076	-	92,351
Charge for the year	128	9	-	-	24,389	-	24,526
At 31 December 2017	3,613	64	3,717	18	109,465	-	116,877
Carrying amount							
At 31 December 2017	**1,966**	**76**	**-**	**-**	**78,686**	**37,366**	**118,094**

19. PROPERTY AND EQUIPMENT (Continued)

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**

Included in property and equipment are assets with a gross value of KShs 3,743,904 (2016 - KShs 3,672,000), which are fully depreciated, and still in use. The notional depreciation on these assets is KShs 924,668 (2016 - KShs 914,570).

20. RECEIVABLES AND PREPAYMENTS

	2017 KShs'000	2016 KShs'000
Receivable from parent (Note 24 (e))	117,733	121,884
Other receivables	33	(1,019)
	117,766	**120,865**

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

21. CASH AND CASH EQUIVALENTS

	2017 KShs'000	2016 KShs'000
Cash at bank and in hand	7,922	7,409

22. PAYABLES AND ACCRUED EXPENSES

	2017 KShs'000	2016 KShs'000
Trade payables Accrued expenses	7,318	4,541
Other payables	32,121	23,379
	39,439	**27,920**

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:

	2017 KShs'000	2016 KShs'000
Loss before income tax	(31,565)	(26,731)
Adjustments for:		
Interest income (Note 10)	(8,841)	(12,182)
Depreciation (Note 19)	24,526	24,526
Loss/(gain) arising from changes in fair value less estimated costs to sell for biological assets (Note18)	3,658	(3,305)
Post-employment benefit obligations – charge to income statement (Note 17)	6,000	4,000
Changes in working capital:		
- receivables and prepayments	3,099	33,708
- payables and accrued expenses	11,519	8,353
- inventory	431	(100)
Cash generated from operations	**8,827**	**28,269**

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 PLC (formerly Limuru Tea Company Limited) through common shareholdings.

24. RELATED PARTY TRANSACTIONS (Continued)

The following transactions were carried out with related parties:

	2017 KShs'000	2016 KShs'000
(a) Sale of goods and services		
Unilever Tea Kenya Limited: Sale of green leaf	80,370	103,915
(b) Purchase of services		
Services from Unilever Tea Kenya Limited	1,865	2,485

(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.

	2017 KShs'000	2016 KShs'000
(d) Directors remuneration		
Director's fees	822	576
(e) Outstanding balances arising from sale of goods and services		
Receivables from Unilever Tea Kenya Limited	117,733	121,884

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 2017, the interest rate was 11.13% (2016: 10.99%).

25. EVENTS AFTER REPORTING DATE

There were no significant events after the reporting date with a financial statement impact at 31 December 2017.

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION SCHEDULE

Ten largest shareholders as at 31 December 2017

	Name	No. of Shares	% Shareholding
1	UNILEVER TEA KENYA LIMITED	1,247,976	52
2	STANDARD CHARTERED NOMINEES A/C 9532	354,600	14.78
3	CANNON ASSURANCE (KENYA) LIMITED	145,800	6.08
4	AMARJEET BALOOBHAI PATEL & BALOOBHAI CHHOTABHAI PATEL	127,000	5.29
5	MR HASSAN POPAT	81,444	3.39
6	ROPAT NOMINEES LIMITED	80,000	3.33
7	ALIMOHAMED ADAM	60,000	2.5
8	CHASE BANK NOMINEES LTD A/C 3018	19,466	0.81
9	SOSPETER NJOGU NDAMBURI	15,000	0.63
10	BIJAL MULCHAND SHAH	13,246	0.55
	Total	**2,144,532**	**89.36%**

Distribution of shareholders as at 31 December 2017

Category	No. of shareholders	No. of shares	% Shareholding
Less than 1,000 shares	108	21,337	0.88
1,001-5,000 shares	43	94,079	3.92
5,001-10,000 shares	12	83,316	3.47
10,001-100,000 shares	11	325,892	13.58
100,001-500,000 shares	3	627,400	26.15
Over 500,000	1	1,247,976	52
Total	178	2,400,000	100

Shareholders' profile:

Category	No. of shareholders	No. of shares	%
Foreign investors	7	20,352	0.85
Local individual investors	171	2,379,648	99.15
Total	178	2,400,000	100.00

LIMURU TEA PLC
(formerly Limuru Tea Company Limited)

PROXY FORM

I/We____
(please use block letters)

being a member/members of Limuru Tea Plc. 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 Ninety third annual general meeting of the Company to be held on 25th day of May 2018 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 2017 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 2017.	3		
3.	Re-election of Directors	4		
4.	Appointment of Directors as members of the Board Audit Committee	5		
5.	To approve Company Policies	6		
6.	To approve the Directors' remuneration for the year ended 31st December 2017	7		
7.	Re-appointment of auditors	8		

As witness my/our hand this______________day__________________2018

Signature(s)____

NOTES

1. *This proxy form must be filled and returned to the Company Secretary, Limuru Tea Plc., PO Box 42011, 00100 Nairobi later than 11 a.m. on Wednesday 23rd May, 2018.*
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 Plc.
P. O. Box 42011
00100 Nairobi