LIMURU TEA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

AS AT

31 DECEMBER 2021

LIMURU TEA PLC

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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LIMURU TEA PLC

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dorcas Muli	appointed effective 1st October 2021	Chair
Dr. Richard Korir	resigned effective 1st October 2021	
Gerridina Johanna Maria Ten Den*		
Felgona Omollo		
Sarah Mbwaya	appointed effective 1st October 2021	
Samson Korir		
Florence Mitei Kirui	resigned effective 1st April 2021	
Felix Mutai	appointed effective 1st April 2021; resigned effective 30 September 2021	
Philip Sigey	appointed effective 1st October 2021	

*Dutch

COMPANY SECRETARY

Alison I.N Kariuki, LLB, M.A (staffs) CPS (K) resigned effective 31st March 2022
Lydia K. Musili, LLB, CPS (K) appointed effective 1 April 2022

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

AUDITOR

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

REGISTRARS

Image Registrars Limited, Securities Registrars & Trustees
5th Floor, Absa Towers
(formerly Barclays Plaza)
PO Box 9287
00100 Nairobi GPO

ADVOCATES

Dentons 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

Minet Kenya Financial Services Limited
Minet House, Off Nyerere Road
PO Box 55289
00100 Nairobi GPO

LIMURU TEA PLC

NOTICE OF ANNUAL GENERAL MEETING
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTICE IS HEREBY GIVEN that the **97th ANNUAL GENERAL MEETING of the Shareholders of LIMURU TEA PLC ("the Company")** will be held at Sarova Panafric Hotel, Kenyatta Avenue, Nairobi on **10 June 2022** at **11:00am** 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 2021 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 2021.

4. To elect Directors:

   (a) In accordance with Article 100 of the Company's Articles of Association Sarah Mbwaya retires by rotation as a Director and being eligible offers herself for re-election.

   (b) In accordance with Article 100 of the Company's Articles of Association Philip Sigey retires by rotation 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:

   (a) Sarah Mbwaya
   (b) Felgona Omollo
   (c) Samson Korir

6. To approve the Directors' remuneration report for the year ended 31 December 2021, as provided in the directors remuneration report.

7. To reappoint KPMG Kenya as the Company's auditor in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

8. To transact any other business of the Annual General Meeting in respect of which notice has been given.

BY ORDER OF THE BOARD

DocuSigned by:
Lydia Musili

Lydia Musili, LLB, CPS (K)
Company Secretary

Date: 1 April 2022.

LIMURU TEA PLC

NOTICE OF ANNUAL GENERAL MEETING
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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 9287 - 00100, Nairobi not later than 11.00 a.m. on Thursday, 2nd June 2022.*
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 2021 have been published in two daily newspapers with nationwide circulation.*

LIMURU TEA PLC

CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Plc (Formerly Unilever Tea Kenya Limited-UTKL). UTKL provides management services to Limuru Tea Plc's in manufacturing, selling 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 for export at the Tea Auction.

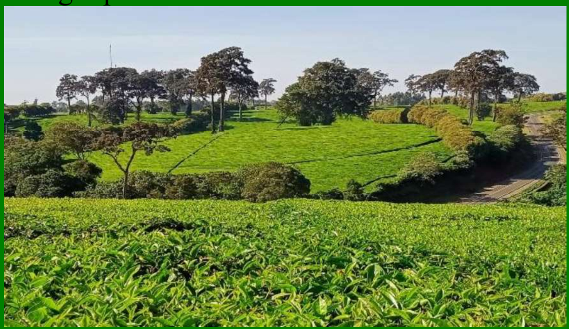
Limuru Tea Plc.'s Mission is being '*Serious about a Sustainable and Profitable Tea business, Passionate about taking Care of our People and Communities*'; and the Vision of the Company is '*To be a truly sustainable Tea Plantation; Providing Future Proofed Tea solutions and Enhanced Livelihoods*'.

Environmental conservation

Through the environmental policy and partnering with Rainforest Alliance, the Company has made sure all tea operations are sustainable, natural resources are conserved, energy consumption is reduced, and that we come out as a profitable tea business. To that effect, we keep track of our riparian strips, water sources, and strive towards reducing our environmental impact on the planet for a greener tomorrow.

We successfully initiated the zero waste to land fill program using an integrated waste management program. All waste in villages and workplace is segregated. Plastics waste is collected by a third- party contractor who are a quality waste management partner. This has minimized our environmental impact to ensure that both our economy and our environment can thrive.

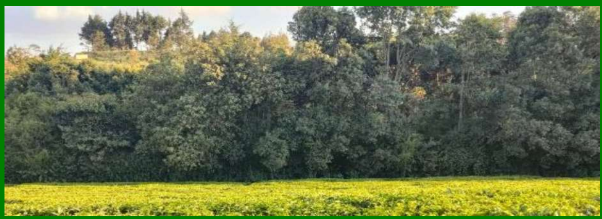
We are maintaining biodiversity through planting different tea clones, applying integrated pest and disease management and planting drought/pest resistant varieties.



Tea fields in Limuru Tea Estate

Soil conservation and sustainability

All our riparian areas are covered by indigenous forests that are conserved; no hunting of animals and felling of trees is allowed in these areas. We have created micro catchments, terraces and planted Agapanthus on tea field edges to hold rainwater and prevent soil erosion. We improve soil fertility by integrating bush trashes from pruning to supply nutrients after decomposing.



Riparian areas within Limuru Tea Estate

Employee wellbeing

We offer all employees competitive salary packages. Personnel have access to free housing with solar panels for electricity, clean water, and sanitation facilities. We finalized fencing the villages to offer more security to employees. We offer continuous training sessions to employees on safety at work and outside the workplace, business integrity, and financial management as well as family support programs.

Tea production

The year 2021 experienced adverse weather conditions compared to 2020. The adverse climatic conditions led to decrease in volumes produced from 570 million to 533 million kilograms of made tea in Kenya.

The Tea Markets

The average Mombasa auction price for all the Kenyan teas increased from an average of USD 2.01/kg recorded in 2020 to USD 2.10/kg in 2021 due to market supply & demand forces and government regulations on Auction Tea prices. (*Source Tea Directorate*).

Company performance

The estate operations are managed in line with UTKL best practice. In 2021 the Company produced 3,207,330 (2020 – 3,882,430) kilograms of green leaf, which in turn was manufactured into 745,790 (2020 – 844,103) kilograms of black tea. Green Leaf and black tea reduced by 17% and 12% respectively in 2021.

The turnover reduced by 13% to KShs 84 million in 2021 from KShs 97 million in 2020. This was driven by the 12% reduction in made tea volume and 1% drop in realized market prices.

The Company posted a pre-tax loss of KShs 14.2 million in the year ended 31 December 2021 compared to a KShs 7.9 million pre-tax loss in the prior year. The declined performance was largely driven by Inflationary pressures and lower production volumes realized in 2021 compared to 2020 due to lower rainfall by 40%.

Strategic initiatives the firm is undertaking during the year

The Limuru Tea Plc has over the past five 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

Whereas post COVID-19 pandemic adverse impacts, market instability and general cost inflation remains a concern, the Board and management have taken the necessary precautions to safeguard our staff and the interests of the business in 2022 and beyond. We continue to see yield improvement from the investment made in prior years. Cost management remains a key focus area.

The management will continue with strategic initiatives to ensure any risks are mitigated in its continued focus to grow the business.

LIMURU TEA PLC

CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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 2021.

DocuSigned by:
Dorcas Muli
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Dorcas Muli
Chair

Date: 1 April 2022

LIMURU TEA PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors submit their Report together with the Audited Financial Statements for the year ended 31 December 2021, in accordance with the Kenya Companies Act, 2015 which disclose the state of affairs of Limuru Tea Plc (the "Company").

1. Principal activities

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

2. Results

The loss for the year of KShs 9,555,000 (2020 loss of KShs 3,665,000) has been added to retained earnings.

3. Dividends

The Directors do not recommend payment of dividend for the year ended 31 December 2021 (2020: Nil).

4. Directors

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

5. Relevant audit information

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

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

6. Auditors

The auditor, KPMG Kenya, being eligible for reappointment, has indicated willingness to continue in office in accordance with the Kenyan Companies Act, 2015.

7. Business overview

The Company's business overview is contained in the Chair's statement set out on page 4 to 6.

8. Boards' assessment of compliance with the risk management frameworks

The Board, advised by the Committees where appropriate, regularly review the significant risks and decisions that could have a material impact on Limuru Tea Plc. These reviews consider the level of risk that Limuru Tea Plc is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure. The Board, through the Audit Committee, have reviewed the assessment of risks, internal controls and disclosure controls and procedures in operation within Limuru Tea Plc. They have also considered the effectiveness of any remedial actions taken for the year covered by this Annual Report and Financial Statements and up to the date of its approval by the Board.

9. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors held on 1 April 2022.

BY ORDER OF THE BOARD

DocuSigned by:
Lydia Musili
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Lydia Musili, LLB, CPS (K)
Company Secretary

Date: 1 April 2022

LIMURU TEA PLC

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

This Directors' remuneration report sets out the remuneration arrangements for Limuru Tea Plc directors for the year ended 31 December 2021.

Information not subject to Audit

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.

Executive Directors:

- Ms. Gerridina Johanna Maria Ten Den
- Mr. Samson Korir
- Mr. Philip Sigey – appointed effective 1 October 2021
- Florence Mitei Kirui - resigned effective 1 April 2021
- Felix Mutai - resigned effective 30 September 2021

Non-executive directors:

- Ms Dorcas Muli Chairperson
- Ms Felgona Omollo
- Sarah Mbwaya - appointed effective 1 October 2021
- Dr. Richard Korir- resigned effective 1 October 2021

Remuneration Policy for the Non-Executive Chair, Non-Executive Directors and Executive Directors

The remuneration of the Non-Executive Chair 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 Chair and Non-Executive Directors do not have service contracts. The Non-Executive Directors appointments are subject to annual election or re-election by shareholders.

Non-Executive Directors' appointments may be terminated at any time by serving one months' written notice by either party.

Remuneration Policy for Non-Executive Director

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 through Real Time Gross Settlement (RTGS).

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.

Remuneration Policy for the Non-Executive Chair, Non-Executive Directors and Executive Directors (Continued)

Remuneration Policy for Executive Directors

Executive Directors work within the Unilever Group of Companies and do not earn any remuneration from the Company.

The Company's policy is to appoint Executive Directors 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.

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 (2020 – None).

Information subject to audit

Contract of service – Executive directors

Name	Date of contract	Unexpired term	Notice period	Amount payable for early termination
Mr. Samson Korir	9 November 2021	1 year 10 months	1 month	None
Ms Gerridina Johanna Maria Ten Den	1 March 2022	2 years	1 month	None
Mr. Philip Sigey	1 October 2021	1 year 9 months	1 month	None

Directors' remuneration paid during the year

Non-executive directors

NAME	2021			2020		
	Fees KShs'000	Sitting allowance KShs'000	Total KShs'000	Fees KShs'000	Sitting allowance KShs'000	Total KShs'000
Dr. Richard Korir	328	455	783	437	318	755
Ms Felgona Omollo	336	490	826	336	280	616
Ms Dorcas Muli	361	532	893	336	280	616
Sarah Mbwaya	84	105	189	-	-	-
Total	**1,109**	**1,582**	**2,691**	**1,109**	**878**	**1,987**

Executive directors

Executive directors also work within the Unilever Group of Companies and therefore did not earn any remuneration for acting as directors of Limuru Tea Plc. Their expenses for travel tickets, accommodation and food during Board assignment were borne by the Company.

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

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 International Financial Reporting Standards (IFRSs).

By Order of the Board

DocuSigned by:
Lydia Musili
68982CF83309445...

Lydia Musili, LLB, CPS (K)
Company Secretary

Date: 1 April 2022.

LIMURU TEA PLC

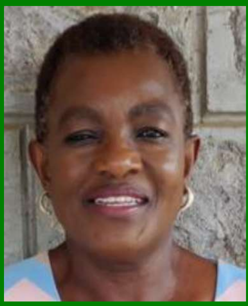
BOARD OF DIRECTORS AND DIRECTORS' PROFILES

Ms. Dorcas Muli
Kenyan

Dorcus Muli is an independent and non-executive director and the Chair of the Board of Directors of Limuru Tea Plc. She joined the Board on 10 August 2018.

Dorcas is an experienced Audit, Compliance and Risk Management professional with over 13 years of experience having started her career at the Auditor General's office before taking on appointment as Senior Associate at PricewaterhouseCoopers. She also had a stint at AMREF as a Compliance Officer and Centre for Health Solutions - Kenya in Risk Management and Compliance. Dorcas is an Independent Consultant and Auditor currently pursuing a PhD in Economics at the University of Nairobi through a fellowship under the Epilepsy Pathway Innovation in Africa Project.

Dorcas holds a master's degree in business administration, Kenyatta University and a Master of Arts in Economic Policy Management from the University of Nairobi. Dorcas is a Certified Public Accountant and a Certified Information Systems Auditor. She is a practicing member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of the Association of Women Accountants of Kenya (AWAK) and the Women on Board's Network.



Ms. Felgona Omollo
Kenyan

Felgona Omollo is a non-executive director to the Board of Directors of Limuru Tea Plc. She joined the Board on 6 June 2017.

Felgona is a seasoned Human Resource Practitioner and Consultant.

She has delivered major Human Resource projects for the United Nations in Uganda, Butali Sugar Mills Limited in Kakamega County and Nightingale Medical Centres in Kisumu County, among others. She is also a regular facilitator in Institute of Human Resource Management forums to Nyanza and Western region members.

Felgona has had experience in handling challenging Human Resource environment in Kenya and Tanzania, which she brings on board to Limuru Tea plc. She 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. She is a member of the Institute of Human Resource Management.

BOARD OF DIRECTORS AND DIRECTORS' PROFILES (CONTINUED)

Alison I.N. Kariuki
Company Secretary
Kenyan

Alison is the General Counsel, Data Protection Advisor and Company Secretary for Unilever in East Africa and also serves as the Company Secretary of Limuru Tea Plc.

She oversees the legal strategy for Unilever operations in Kenya, Tanzania, Uganda, Rwanda, Djibouti and Ethiopia and is a member of the Africa Legal Strategy team. She is a seasoned in-house professional having worked in various senior roles in other leading companies in the private sector.

She holds a Certificate in Women Leaders Programme from INSEAD, a Master's Degree in International Relations, from the University of Staffordshire, UK and a Bachelor's Degree in Law, LL.B. from the University of Nairobi. Alison is an Advocate of the High Court in Kenya, a Certified Public Secretary and a Certified Governance Auditor under the Institute of Certified Secretaries.

Mr. Samson Korir
Kenyan

Samson Kiprotich Korir is an Executive Director to the Board of Limuru Tea Plc. He joined the Board on 9th November 2017.

Samson is the current Head of Finance of Unilever Tea Plantations Africa and has over Ten (10) years of professional experience in Finance. Samson joined Unilever from Bank of Africa where he worked until 2010 as a Banking Assistant. He has held various roles in Unilever as a Finance Manager for the Tea Kenya Business, 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.

Gerridina Johanna Maria Ten Den
Dutch

Gerridina Johanna Maria Ten Den is an executive director to the Board of Directors of Limuru Tea Plc she joined the Board on 1 March 2019.

Gerridina is the current Chief Executive Officer of Limuru Tea Plc and Head of Tea Plantations, Africa.

Gerridina has worked for over 31 years in Unilever and was the immediate former Procurement Director Tea Africa. She has successfully done a variety of roles in Marketing and Procurement, in the Netherlands, Switzerland, and more recently in Mombasa Kenya. In her most recent role, she has been instrumental in transforming the tea procurement organization into a resilient strategic partner with high efficiencies in tea logistics and procurement, expanding the supplier base in Africa by closely working on sustainable sourcing and increasing product quality. Gerridina is a talent developer and has built a highly engaged and motivated team.

BOARD OF DIRECTORS AND DIRECTORS' PROFILES (CONTINUED)

Sarah Mbwaya
Kenyan

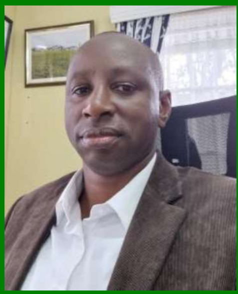
Sarah Mbwaya as an Independent Non-Executive Director to the Board of Limuru Tea Plc and Chair of the Audit Committee and Nominations Committee of the Board. She joined the Board on 1 October 2021.

Sarah Mbwaya is experienced with over 30 years of engineering experience with a strong focus in systems design, automation, improvement, and implementation. She has over 20 years' leadership and senior management experience drawn from fields such as energy, information communication technology, business management (oversight & development), financial & resource management, project management (planning & execution), consultancy, stakeholder management and entrepreneurial practice.

She has served on boards of Numerical Machining Complex (NMC) where she chaired the Audit Committee, Emerging Young Leaders (EYL), Emerging Leadership Initiatives, and Loresho South Residents Association where she held the vice chair position. She is a member of Engineers Board of Kenya (EBK), Business Network International (BNI), Women on Boards Network (WOBN), Women in Sustainable Energy Entrepreneurs (WISEe) and Women in Business (WIB).

She has M.B.A. in strategic management from United States International University, bachelor's degree (Hons.) in Electrical and Electronics Engineering from the University of Nairobi, Solar technician Licenses from the Energy & Petroleum Regulatory Authority (EPRA) and an ACCA Diploma in Financial management. She is also an accredited system engineer (ASE).

She is passionate about risk management, strong internal control systems, leadership & governance, sustainable energy, conservation, and she is keen on sound corporate Governance practices.



Philip Sigey
Kenyan

Philip Sigey is an Executive Director to the Board of Limuru Tea Plc. He joined the Board on 1 October 2021.

Philip is currently the General Manager – Central Tea Group, Unilever Tea Kenya Plc operations in Limuru.

Philip joined Unilever Tea Kenya Plc in 1997 where he has held various key management positions within our Supply Chain function.

He later moved on international assignments where he served in Unilever Tea Tanzania Limited as the Field Operations Manager between 2012 – July 2016 and later as the Country General Manager for Unilever Tea Rwanda Limited from August 2016 to Sept 2021.

Philip holds a Bachelor of Science Degree in Agriculture from the University of Nairobi.

LIMURU TEA PLC

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.

Division of Responsibilities

The Chair and the Chief Executive Officer's roles are separate, with each having distinct and clearly defined duties and responsibilities.

The Chair is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and for facilitating productive contribution of all Directors. The Chair serves as the link between the Board and management in between meetings and is responsible for ensuring that decisions of the Board are implemented. She is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them.

The Chief Executive Officer has overall responsibility for the performance of the business and provides leadership to facilitate successful planning and execution of the objectives and strategies agreed by the Board

The Role of the Board

The Board is comprised of independent Non-Executive Directors and Executive Directors and 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 mandate includes: review of financial statements, compliance with accounting standards, oversight on risk assessment and management, internal control systems and the internal audit function, identification, assessment and liaison with the external auditor, corporate governance and finance and investment. The Company's performance on ethics is assessed and monitored by this Committee. This Committee meets at least twice a year.

LIMURU TEA PLC

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (Continued)

(i) Audit Committee (continued)

Members

(i) Dorcas Muli (Chairperson)
(ii) Felgona Omollo
(iii) Samson Korir
(iv) Florence Mitei Kirui – resigned 1 April 2021
(v) Philip Sigey – appointed 1 October 2021

(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.

Members

(i) Dorcus Muli (Chairperson)
(ii) Felgona Omollo
(iii) Samson Korir
(iv) Florence Mitei Kirui – resigned 1 April 2021
(v) Philip Sigey – appointed 1 October 2021

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.

Business Integrity

Limuru Tea Plc's Code of Business Principles ("CoBP") is a simple ethical statement of how we should operate. The CoBP Policies define the ethical behaviours that all employees need to demonstrate when working for the Company. Compliance with the CoBP and its policies is mandatory. While these are for internal use, we also publish them externally in support of transparency.

Breach Management
In order to ensure that potential breaches to our CoBP, Policies and Standards are handled fairly and expeditiously, a Business Integrity Committee meets on a regular basis to review progress of ongoing investigations check on the status of any ongoing disciplinary proceedings and progress agreed actions to closure.

Whistle Blowing
The CoBP provides for avenues through which employees, suppliers and stakeholders can report breached anonymously. Any breaches of the CoBP must be reported.

The Board of the Company will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

Business Integrity (Continued)

Whistle Blowing (continued)
The whistle blowing avenue is referred to as ' Confidential Reporting of Issues or Concerns' and it is well published and communicated across the business. It provides avenues for anonymous reporting through a toll-free telephone hotline, a web page as well as through the Business Integrity Officers and Line Managers. This avenue of reporting is available to both external Stakeholders and employees and is annexed to the Governance of Limuru Tea (the Board Charter) and uploaded on the Company's Website.

At Limuru Tea Plc. during the year under review we carried out regular awareness sessions to ensure that our employees and stakeholders are aware of the provisions of the CoBP. There were no sanctions issued to employees under the CoBP during the year.

Risk Management and Controls Assurance

The Company’s approach to risk management is in line with Unilever’s global risk management standards. The Internal Audit Department carries out audits to satisfy themselves on the integrity of financial information. It also performs regular checks to ensure financial controls and systems of risk management are robust and defensible. In collaboration with the Finance Department, the top internal and external risks are ranked based on their likelihood of occurrence and their impact to the business. The respective responsible officers are then tasked with ensuring that robust risk-mitigation controls are in place.

LIMURU TEA PLC

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of Limuru Tea PLC (the "Company") set out on pages 23 to 56 which comprise the statement of financial position at 31 December 2021 and 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, including 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 financial position of the Company as at the end of the financial year and of the profit or loss 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 and profit or loss 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 financial position of the Company and of its profit or loss.

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 1 April 2022.

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Gerridina Johanna Maria Ten Den	Samson Korir
Director	*Director*

Date: 1 April 2022.

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

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Website www.kpmg.com/eastafrica

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIMURU TEA PLC

Report on the audit of financial statements

Opinion

We have audited the financial statements of Limuru Tea Plc (the "Company") as set out on pages 23 to 56 which comprise the statement of financial position as at 31 December 2021, and 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 notes to the financial statements, including 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 as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by 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 'Auditor's 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

KPMG

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIMURU TEA PLC (CONTINUED)

Report on the audit of financial statements (Continued)

Key audit matters (continued)

<table>
<tr><td colspan="2">Valuation of biological assets</td></tr>
<tr><td colspan="2">See accounting policy note 3 (d), note 4 – critical accounting estimates and assumptions and note 18 – Biological assets</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>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 in accordance with IAS 41 Agriculture.

Estimating the fair value of biological assets 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 inputs such as the forecast yields and estimated costs to maturity which are present valued using a discount rate to determine the fair value at the reporting date. The yield and future costs estimates are based on 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 and is subject to significant management judgment.</td><td>Our audit procedures in this area included:

— Evaluating the Company's inputs and assumptions used in calculating the estimated cash flows (estimated yield and future costs) by comparing them to historical performance, the Company's plans/budget estimates, as well as industry trends based on our understanding of the industry and the economic environment in which the Company operates;
— 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 future costs to harvest to the actual outcomes in subsequent years;
— Evaluating the accuracy of the computations as well as the appropriateness of the discount rates used to discount cashflows by inspecting the workings for appropriate application of the discount rates and yield inputs; and
— Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities in accordance with IFRS 13 Fair Value Measurement.</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the *Corporate Information, Notice of Annual General Meeting and Proxy Form, Chair's Statement, Report of the Directors, Directors' Remuneration Report, Board of Directors and Directors' Profiles, Corporate Governance, Statement of Directors' Responsibilities, and Principal Shareholders and Share Distribution Schedule.*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set below.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIMURU TEA PLC (CONTINUED)

Report on the audit of financial statements (Continued)

Other information - continued

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we have obtained prior to the date of this auditor's report, 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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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 have no realistic alternative but to do so.

Auditor's 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 auditor's 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.
- 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIMURU TEA PLC (CONTINUED)

Report on the audit of financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements - continued

— 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 the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 in the report of the directors for the year ended 31 December 2021 on page 7 and 8 is consistent with the financial statements; and

— The auditable part of the directors' remuneration report on pages 9 to 11 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Joseph Kariuki, Practicing Certificate Number 2102.

DocuSigned by:

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For and on behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612
00100 Nairobi GPO

Date: 1 April 2022.

LIMURU TEA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
Revenue	6(a)	84,269	96,670
Cost of sales	7	(103,684)	(111,149)
Gross loss		**(19,415)**	**(14,479)**
(Loss)/gain arising from changes in fair value of biological assets less costs to sell	18	(441)	43
Other income	8	6,784	4,860
		(13,072)	**(9,576)**
Expenses			
Administrative expenses	9(a)	(6,111)	(5,777)
Other operating expenses	9(b)	(2,606)	(849)
Loss from operating activities		**(21,789)**	**(16,202)**
Finance income	10	7,591	8,304
Loss before taxation	11	**(14,198)**	**(7,898)**
Income tax credit	12(a)	4,643	4,233
Loss after taxation		**(9,555)**	**(3,665)**
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Actuarial gain on post-employment benefits obligation	17	1,520	3,000
Tax effect on actuarial gain on post-employment benefits obligation	16	(456)	(900)
Total other comprehensive income net of income tax		**1,064**	**2,100**
Total comprehensive income for the year		**(8,491)**	**(1,565)**
Basic and diluted earnings per share (KShs)	13	(3.98)	(1.53)

The notes set out on pages 27 to 56 form an integral part of these financial statements.

LIMURU TEA PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
EQUITY (Page 25)			
Share capital	14	24,000	24,000
Retained earnings		158,290	166,781
Total equity		**182,290**	**190,781**
Non-current liabilities			
Deferred income tax liability	16	-	4,849
Post-employment benefit obligations	17	16,480	14,417
		1,6480	**19,266**
		198,770	**210,047**
REPRESENTED BY:			
Non-current assets			
Biological assets – fuel trees	18	2,737	3,576
Property and equipment	19	90,008	90,220
Deferred Tax Asset	16	1,898	-
		94,643	**93,796**
Current assets			
Biological asset - green leaf	18	2,951	2,553
Current income tax recoverable	12(c)	7,699	9,100
Receivables and prepayments	20	102,844	123,940
Cash and cash equivalents	21	364	307
		113,858	**135,900**
Current liabilities			
Payables and accrued expenses	22	9,731	19,649
		9,731	**19,649**
Net current assets		**104,127**	**116,251**
		198,770	**210,047**

The financial statements on pages 23 to 56 were approved and authorised for issue by the board of directors on 1 April 2022 and signed on its behalf by:

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Gerridina Johanna Maria Ten Den
Director

DocuSigned by: Korir, Samson
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Samson Korir
Director

The notes set out on pages 27 to 56 form an integral part of these financial statements.

LIMURU TEA PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital KShs'000	Retained earnings KShs'000	Proposed dividend KShs'000	Total equity KShs'000
2020				
At 1 January 2020	24,000	168,346	1,680	194,026
Total comprehensive income				
Loss for the year		(3,665)	-	(3,665)
Other comprehensive income:				
Actuarial gain on post-employment benefit obligation net of tax	-	2,100	-	2,100
Total comprehensive income for the year	-	(1,565)	-	(1,565)
Transactions with owners				
Final dividend paid – 2020	-	-	(1,680)	(1,680)
Proposed dividend – 2020	-	-	-	-
At 31 December 2020	**24,000**	**166,781**	**-**	**190,781**
2021				
At 1 January 2021	24,000	166,781	-	190,781
Total comprehensive income				
Loss for the year		(9,555)		(9,555)
Other comprehensive income:				
Actuarial gain on post-employment benefit obligation net of tax		1,064		1,064
Total comprehensive income for the year		(8,491)		(8,491)
At 31 December 2021	**24,000**	**158,290**	**-**	**182,290**

The notes set out on pages 27 to 56 form an integral part of these financial statements.

LIMURU TEA PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 KShs'000	2020 KShs'000
Operating activities			
Cash used in operations	23	(3,502)	(6,290)
Interest received	10	7,591	8,304
Income tax paid	12(c)	(1,159)	(1,246)
Post-employment benefits paid	17	-	-
Net cash from operating activities		**2,930**	**768**
Investing activities			
Purchase of property and equipment	19	(2,873)	-
Net cash used in investing activities		**(2,873)**	**-**
Financing activities			
Dividends paid to the company shareholders		-	(1,680)
Net cash used in financing activities		**-**	**(1,680)**
Net decrease in cash and cash equivalents		**57**	**(912)**
Movement in cash and cash equivalents:			
At start of year		307	1,219
Increase		57	(912)
At end of year	21	**364**	**307**

The notes set out on pages 27 to 56 form an integral part of these financial statements.

1. GENERAL INFORMATION

Limuru Tea Plc 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 (IFRSs) 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) Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

(d) 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.

2. BASIS OF PREPARATION (Continued)

(d) Use of estimates and judgements (continued)

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.

(e) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost/deemed cost 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Operating leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by analysing its bank borrowings and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments.
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
— amounts expected to be payable under a residual value guarantee; and
— the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Operating leases (continued)

The Company presents right-of-use assets and lease liabilities as separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(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 include 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Employee's benefits (continued)

(i) Post-employment benefits – continued

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.

(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 subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial instruments (continued)

(ii) Classification and subsequent measurement - continued

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial instruments (continued)

(ii) Classification and subsequent measurement - continued

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial instruments (continued)

(iii) Derecognition - continued

Financial liabilities - continued

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non- cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, it is the Company policy to do so. This is done when the Company has an enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(o) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment (continued)

(i) Non-derivative financial assets - continued

Financial instruments and contract assets - continued

12- month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability- weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost.

A financial asset is ‘credit- impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment (continued)

(i) Non-derivative financial assets – continued

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 90 days past due based on historical experience of recoveries of similar assets.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For financial assets measured at amortised cost, the Company considered evidence of impairment for these assets at an individual level

In assessing impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each 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.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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.

(p) New standards and interpretations

The Company has adopted the following new standards and amendments during the year ended 31 December, 2021, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2021.

(i) New standards, amendments and interpretations effective and adopted during the year. These are summarized below;

Standard	Effective date
— COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 January 2021
— Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New standards and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not effective for the year ended 31 December 2021

New amendments or interpretation	Effective for annual periods beginning on or after
— Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
— Annual Improvements to IFRS Standards 2018—2020	1 January 2022
— Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
— Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
— IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
— Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
— Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
— Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction — Amendments to IAS 12 Income Taxes	1 January 2023
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

The above standards and amendments are not expected to have a significant impact on 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.

(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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (continued)

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.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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:

	2021 KShs'000	2020 KShs'000
Receivable from parent company (Note 24(e))	102,844	123,940
Bank balances (Note 21)	364	307
	103,208	**124,247**

Management believes that the amounts that are neither past due nor impaired will be collectible in full. The expected credit loss (ECL) applying IFRS 9 impairment assessment did not result in a material impairment. There has been no increase in credit risk between the current and comparative period.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Currency risk and interest rate risk

The Company is not exposed to foreign exchange and interest rate risk as it has no transactions or balances denominated in any other currency other than Kenya Shillings. Further, the company has no interest bearing assets or liabilities except for related party balances where interest rate is agreed between related parties.

(d) 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 2021:	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	9,731					9,731
Total liabilities	**9,731**					**9,731**

31 December 2020:	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	19,649	-	-	-	-	19,649
Total liabilities	**19,649**	**-**	**-**	**-**	**-**	**19,649**

(e) 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 2021 the Company's strategy which was unchanged from 2020, was to use funds generated from internal sources. No funds were borrowed from the market.

6. REVENUE	2021 KShs'000	2020 KShs'000
(a) Revenue		
Sale of green leaf to Unilever Tea Kenya Plc	84,269	96,670

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over the green leaf to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Green leaf	The customer obtains control of the green leaf when it is delivered to and has been accepted at the customer's black tea factory. Revenue is recognised at that point in time. The credit period varies depending on the agreement between the Company and the customer.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. The products are inspected before acceptance and the customer signs to acknowledge receipt of goods. Further, the customer indicates whether the goods are in a good condition and are as per the orders. Upon the confirmation, the Company is satisfied that the performance obligation has been met and revenue is recognised at this point.

(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 Plc which is domiciled in Kenya. Management has determined the operating segments based on the reports reviewed by the Directors that are used to make strategic decisions. All its assets are based in Kenya. The Directors assesses performance based on profit before income tax, as presented in the statement of profit or loss and other comprehensive income.

7. COST OF SALES	2021 KShs'000	2020 KShs'000
Labour costs	81,800	92,869
Fertilizers and chemicals	9,142	7,763
Depreciation expense (Note 19)	3,085	2,667
Other costs and expenses	9,657	7,850
	103,684	111,149

8. OTHER INCOME		
Rental and other income	6,784	4,860

9. EXPENSES

	2021 KShs'000	2020 KShs'000
(a) Administrative expenses		
Administrative staff costs	1,758	1,644
Rent and utilities	1,694	1,673
Bank charges	305	362
Other expenses	2,354	2,098
	6,111	5,777
(b) Other operating expenses		
Subscriptions and publications	1,550	62
External audit fees	1,056	787
	2,606	849

10. FINANCE INCOME

	2021 KShs'000	2020 KShs'000
Interest income	7,591	8,304

11. LOSS BEFORE TAX

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

	2021 KShs'000	2020 KShs'000
Employee benefits expense	83,558	94,514
Depreciation of property and equipment (Note 19)	3,085	2,667
Repairs and maintenance expenditure on property and equipment	1,807	211
Auditor's remuneration	1,056	787
Interest income	(7,591)	(8,304)

The following items are included within employee benefits expense:

	2021 KShs'000	2020 KShs'000
Salaries and wages	79,142	90,903
Post-employment benefits costs:		
- Unfunded gratuity provision (Note 17)	3,583	2,750
- National Social Security Fund	833	861
	83,558	94,514

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

	2021	2020
Management	1	1
Non-management	133	124
Term contract employees	167	184
Total	**301**	**309**

12. TAXATION

	2021 KShs'000	2020 KShs'000
(a) Income tax credit		
Current income tax:		
Current year	2,560	2,124
Deferred tax:		
Deferred tax credit (Note 16)	(7,203)	(6,357)
Income tax credit	**(4,643)**	**(4,233)**

(b) Reconciliation of effective tax rate

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

	2021 KShs'000	2020 KShs'000
Loss profit before income tax	**(14,198)**	**(7,898)**
Tax at 30% (2020 – 30%)	(4,259)	(2,369)
Tax effect of change in tax rate from 25% to 30% (2020-30% to 25%)		(1,325)
Tax effects of expenses not deductible for tax purposes	(384)	(539)
Income tax credit	**(4,643)**	**(4,233)**

(c) Movement in tax recoverable

	2021 KShs'000	2020 KShs'000
Balance at 1 January	(9,100)	(9,978)
Charge for the year	2,560	2,124
Taxation paid	(1,159)	(1,246)
Tax recoverable at 31 December	**(7,699)**	**(9,100)**

13. EARNINGS PER SHARE

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

	2021	2020
Loss attributable to equity holders of the Company (KShs'000')	**9,555)**	**(3,665)**
Weighted average number of ordinary shares in issue (thousands)	2,400	2,400
Basic earnings per share (KShs)	**(3.98)**	**(1.53)**

There were no potentially dilutive shares outstanding at 31 December 2021 (2020 – 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 '000	Ordinary shares KShs'000
Balance at 31 December 2020, 1 January 2021 and 31 December 2021-Par value of KShs 10 per share	24,000	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 payment of dividend for the year ended 31 December 2021 (2020: 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:

2021:	At 1 January KShs'000	Charged/ (credited) to profit or loss KShs'000	Credited to other comprehensive income KShs'000	At 31 December KShs'000
Deferred tax liabilities				
Biological assets	1,839	(133)	-	1,706
Property and equipment	26,577	(881)	-	25,696
	28,416	(1,014)	-	27,402
Deferred tax assets				
Post-employment benefit obligations	(4,325)	(1,075)	456	(4,944)
Tax losses	(17,526)	(6,326)	-	(23,852)
Other temporary differences	(1,716)	1,212	-	(504)
	(23,567)	(6,189)	456	(29,300)
Net deferred tax liability/(asset)	**4,849**	**(7,203)**	**456**	**(1,898)**

2020:	At 1 January KShs'000	Charged/ (credited) to profit or loss KShs'000	Credited to other comprehensive income KShs'000	At 31 December KShs'000
Deferred tax liabilities				
Biological assets	1,826	13	-	1,839
Property and equipment	27,341	(764)	-	26,577
	29,167	(751)	-	28,416
Deferred tax assets				
Post-employment benefit obligations	(4,400)	(825)	900	(4,325)
Tax losses	(13,617)	(3,909)	-	(17,526)
Other temporary differences	(844)	(872)	-	(1,716)
	(18,861)	(5,606)	900	(23,567)
Net deferred tax asset	**10,306**	**(6,357)**	**900**	**4,849**

16. DEFERRED TAX (Continued)

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

Year of origin	**Amounts KShs '000**
2016	5,116
2017	10,148
2018	-
2019	30,126
2020	13,030
2021	21,088
Total	**79,508**

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:

	2021 KShs'000	**2020 KShs'000**
Service gratuities	16,480	14,417

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

	2021 KShs'000	**2020 KShs'000**
At 1 January	14,417	14,667
Charged to income statement	3,583	2,750
Actuarial gain recognised in other comprehensive income	(1,520)	(3,000)
Payments in the year	-	-
At 31 December	**16,480**	**14,417**

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

	2021 KShs'000	**2020 KShs'000**
Current service cost	1,583	917
Interest cost	2,000	1,833
Total, included in employee benefits expense (Note 11)	3,583	2,750

17. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

The principal actuarial assumptions used were as follows:

	2021	**2020**
Discount rate	12%	11.3%
Future salary increases	9%	9%
Inflation	7.5%	7.5%

The interest rates are based on the interest rates of corresponding five-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:

2021:	**Base assumptions Shs 'millions' 16**	**Discount rate + 0.5% Shs 'millions'**	**Discount rate - 0.5% Shs 'millions' 0.5%**	**Salary increases + 0.5% Shs 'millions' Discou20**	**Salary increases - 0.5% Shs 'millions' 5%**
Liability	16	16	17	17	16
Service cost	2	1	2	2	1
Interest cost	2	2	2	2	2

2020:	**Base assumptions Shs 'millions'**	**Discount rate + 0.5% Shs ' millions'**	**Discount rate - 0.5% Shs ' millions' 0.5%**	**Salary increase + 0.5% Shs ' millions' Discou20**	**Salary increase - 0.5% Shs ' millions' 5%**
Liability	15	15	16	16	15
Service cost	1	1	1	1	1
Interest cost	2	2	2	2	2

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:

17. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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 2021 and 2020 are as follows:

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

The discount rate applied to the expected net cash flows was 12.5% (2020 – 12%) based on the weighted average cost of capital as well as crop risk.

The company also had 9.64 hectares (2020 – 9.64 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 IAS 41 *Agriculture*. 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.

18. BIOLOGICAL ASSETS (Continued)

Un-harvested green leaf – continued

— The green leaf price that the Company pays to its third party out-growers is a reasonable estimate of the price the Company expects to fetch for final product sold in the market (black tea) less processing and other incidental costs. Consequently, the out-grower rate has been used to fair value the un-harvested green leaf at the reporting date; and
— The harvest cycle is short enough (14 days) not to require discounting.

The Company's tea estates harvested 3,207,330 Kgs (2020 – 3,882,430 Kgs) of green tea leaf with a fair value of KShs 84 million (2020 – KShs 97million) for the year ended 31 December 2021.

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 2021, and 31 December 2020.

Year ended 31 December 2021:	**Level 1 KShs'000**	**Level 2 KShs'000**	**Level 3 KShs'000**	**Total KShs'000**
Tea bushes				
- Green leaf	-	2,951	-	2,951
Fuel trees				
- Mature	-	-	2,737	2,737
	-	**2,951**	**2,737**	**5,688**

Year ended 31 December 2020:	**Level 1 KShs'000**	**Level 2 KShs'000**	**Level 3 KShs'000**	**Total KShs'000**
Tea bushes				
- Green leaf	-	2,553	-	2,553
Fuel trees				
- Mature	-	-	3,576	3,576
	-	**2,553**	**3,576**	**6,129**

18. BIOLOGICAL ASSETS (Continued)

Un-harvested green leaf – continued

The fair value of biological assets at 31 December 2021 and 31 December 2020 is classified as follows:

Year ended 31 December	2021 KShs'000	2020 KShs'000
Non-current (fuel trees)	2,737	3,576
Current (green leaf)	2,951	2,553
	5,688	**6,129**

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

Year ended 31 December	2021 KShs'000	2020 KShs'000
At start of year	3,576	3,168
Loss arising from changes in fair value less estimated costs to sell	(839)	408
Change due to harvest	-	-
At end of year	**2,737**	**3,576**

The reconciliation of fair value changes is analysed below:

Year ended 31 December 2021	Green leaf KShs' 000	Fuel Trees KShs' 000	Total KShs' 000
Carrying value as at 1 January 2021	**2,553**	**3,576**	**6,129**
Changes due to price/cost estimate	398	-	398
Changes due to yield estimate/cash flow timing	-	-	-
Changes due to harvest		(839)	(839)
	398	**(839)**	**(441)**
Carrying value as at 31 December 2021	**2,951**	**2,737**	**5,688**

Year ended 31 December 2020	Green leaf KShs' 000	Fuel Trees KShs' 000	Total KShs' 000
Carrying value as at 1 January 2020	**2,918**	**3,168**	**6,086**
Changes due to price/cost estimate	(363)	381	18
Changes due to yield estimate/cash flow timing	(2)	27	25
Changes due to harvest			
	(365)	**408**	**43**
Carrying value as at 31 December 2020	**2,553**	**3,576**	**6,129**

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 2021. Green leaf volumes were determined by taking weighted average of a 14 day plucking cycle using January 2022 data. This was then valued using the 2021 out-grower average price.
Significant unobservable inputs	— Estimated future timber market prices per cubic meter (6.5% inflation of current prices of KShs 2,242/M3). — Estimated future costs (6.5% inflation of current cost of KShs 1694/M3). — Estimated yields per hectare (462M3). — Risk-adjusted annual discount rate (12%).	— 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

2021:	Buildings & freehold land 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 2021	5,579	1,624	18	231,020	-	238,241
Additions	-	-	-	-	2,873	2,873
At 31 December 2021	5,579	1,624	18	231,020	2,873	241,114
Depreciation						
At 1 January 2021	4,020	1,624	18	142,359	-	148,021
Charge for the year	139			2,946		3,085
At 31 December 2021	4,159	1,624	18	145,305	-	151,106
Carrying amount						
At 31 December 2021	**1,420**	**-**	**-**	**85,715**	**2,873**	**90,008**

2020:	Buildings & freehold land 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 2020	5,579	1,624	18	188,151	42,869	238,241
Additions	-	-	-	42,869	(42,869)	-
At 31 December 2020	5,579	1,624	18	231,020	-	238,241
Depreciation						
At 1 January 2020	3,881	1,624	18	139,831	-	145,354
Charge for the year	139	-	-	2,528	-	2,667
At 31 December 2020	4,020	1,624	18	142,359	-	148,021
Carrying amount						
At 31 December 2020	**1,559**	**-**	**-**	**88,661**	**-**	**90,220**

Included in property and equipment are assets with a gross value of KShs 56,266,544(2020 – KShs 51,855,033), which are fully depreciated, and still in use. The notional depreciation on these assets is KShs 10,861,252 (2020 – KShs 9,181,170).

20. RECEIVABLES AND PREPAYMENTS

	2021 KShs'000	2020 KShs'000
Receivable from parent (Note 24 (e))	**102,844**	**123,940**

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

21. CASH AND CASH EQUIVALENTS

	2021 KShs'000	2020 KShs'000
Cash at bank and in hand	364	307

22. PAYABLES AND ACCRUED EXPENSES

	2021	2020
Trade payables accrued expenses	9,187	13,441
Other payables	544	6,208
	9,731	**19,649**

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

23. CASH (USED IN)/GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash (used in)/generated from operations:

	2021 KShs'000	2020 KShs'000
(Loss)/profit before income tax	(14,198)	(7,898)
Adjustments for:		
Interest income (Note 10)	(7,591)	(8,304)
Depreciation (Note 19)	3,085	2,667
Loss on disposal of property and		
Loss/(gain) arising from changes in fair value less estimated costs to sell for biological assets (Note18)	441	(43)
Post-employment benefit obligations – charge to income statement (Note 17)	3,583	2,750
Changes in working capital:		
- receivables and prepayments	21,096	1,560
- payables and accrued expenses	(9,918)	2,978
Cash used in operations	**(3,502)**	**(6,290)**

24. RELATED PARTY TRANSACTIONS

The Company is controlled by Unilever Tea Kenya Plc 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 through common shareholdings.

The following transactions were carried out with related parties:

	2021 KShs'000	2020 KShs'000
(a) Sale of goods and services		
Unilever Tea Kenya Plc: Sale of green leaf	84,269	96,670
(b) Purchase of services		
Services from Unilever Tea Kenya Plc	1,685	2,128

24. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management compensation

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

(d) Directors' remuneration	2021 KShs'000	2020 KShs'000
Director's fees	2,691	1,987

(e) Outstanding balances arising from sale of goods and services

	2021 KShs'000	2020 KShs'000
Receivables from Unilever Tea Kenya Plc	102,844	123,940

The amount due from Unilever Tea Kenya Plc is interest earning. The interest rate is pegged on the rate of Kenya Government securities. At 31 December 2021, the interest rate was 7.27% (2020 – 6.91%).

25. EVENTS AFTER REPORTING DATE

There were no significant events after the reporting date with a financial statement impact at 31 December 2021.

LIMURU TEA PLC

PRINCIPAL SHAREHOLDERS AND SHARE DISTRIBUTION SCHEDULE

Ten largest shareholders as at 31 December 2021

	Name	No. of Shares	% Shareholding
1	UNILEVER TEA KENYA LIMITED	1,247,976	52.00
2	STANDARD CHARTERED NOMINEES A/C 9532	611,488	25.48
3	AFRICA REIT LIMITED	110,368	4.60
4	POPAT, HASSAN	81,444	3.39
5	BROOKSHIRE LIMITED	80,000	3.33
6	ADAM, ALIMOHAMED	60,000	2.50
7	SBM BANK NOMINEES LTD A/C 3018	19,466	0.81
8	MORJARIA, SHARDABEN VITHALDAS	12,200	0.51
9	AMIN, AMBUBHAI N. AMIN & MRS KUSUMBEN AMBUBHAI	12,000	0.50
10	SHAH, SHANTABEN DEVSHI	10,356	0.43
	Total	**2,245,298**	**93.55**

Distribution of shareholders as at 31 December 2021

Category	No. of shareholders	%	No. of shares
1-1,000 shares	162	0.97	23,404
1,001-5,000 shares	31	2.60	62,422
5,001-10,000 shares	8	2.45	58,856
10,001-100,000 shares	8	11.90	285,486
100,001-500,000 shares	1	4.60	110,368
Over 500,000	2	77.48	1,859,464
Total	**212**	**100**	**2,400,000**

Shareholders' profile:

Category	No. of shareholders	%	No. of shares
Foreign individual investors	6	0.81	19,459
Foreign company investors	2	0.05	1,172
Local individual investors	192	37.54	900,852
Local company investors	12	61.60	1,478,517
Total	**212**	**100**	**2,400,000**

None of the Directors of the Company hold shares in the Company.

LIMURU TEA PLC

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 Chair of the meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the **Ninety Seventh Annual General Meeting** of the Company to be held on **10th June 2022 at 11:00am** 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.	I adopt the balance sheet and the financial statements for the year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.	2		
2.	Re-election of Directors			
	I re- appoint Sarah Mbwaya who retires by rotation in accordance with Article 100 of the Articles of Association of the Company and being eligible, offers herself for re-election.	4(a)		
	I re- appoint Philip Sigey who retires by rotation in accordance with Article100 of the Articles of Association of the Company and being eligible, offers herself for re-election.	4(b)		
3.	In accordance with the provisions of Section 769 of the Companies Act, 2015, I appoint Directors: Sarah Mbwaya, Felgona Omollo and Samson Korir being members of the Board Audit Committee be elected to continue to serve as members of the said Committee.	5		
4.	I approve the Directors' remuneration report for the year ended 31st December 2021.	6		
5.	I approve the appointment of KPMG as the Auditors of the Company authorize the Directors to fix the Auditors' remuneration for the ensuing financial year.	7		

As witness my/our hand this______________day__________________2021

Signature(s)____

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 9287 - 00100, Nairobi not later than 11.00 a.m. on Thursday, 2nd June 2022.*
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 2021 have been published in two daily newspapers with nationwide circulation.*

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