

**KAKUZI LIMITED**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD OF SIX MONTHS TO 30 JUNE 2014**

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## RESULTS

The profit before tax for the period is Kshs 76 million which is 32% down on the equivalent position last year (Kshs 112 million), see page 2 of the Interim Financial Statements. The major cause of these somewhat disappointing results has been mainly due to lower tea prices and increased cost charges to revenue on Macadamia as early planted fields come to maturity. The biological assets fair value gain is Kshs 18 million as compared to Kshs 21 million in 2013. I am pleased to report that the accounting standard for biological assets has been amended for accounting periods on or after 1<sup>st</sup> January 2016. Thus, more realistic comparisons can be made to profit before tax in the future, once the accounting standard is adopted, for the benefit and understanding of our Shareholders.

## OPERATIONS

Rainfall levels were down by some 30% of the 10 year average on our Kaboswa Tea Estate. However, at Makuyu similar comparisons show a 10% decline. Dam levels are satisfactory for this time of the year. Tea production was slightly down on last year but prices attained were very disappointing. Avocado production has been very encouraging for the first half of the year with total production through our factory being 46% up on last year's position. Prices attained were also up in Kenya Shillings terms on last year's levels. Our relationship with smallholders as regards advice and fair factory gate returns continues to be encouraging. Our Macadamia plantations are now up to 621 hectares but as covered in my results comments we are yet to see full yielding on our expectation of mature plantations. Our forestry operations continue to progress well but profit was down due to a policy of clearing a significant area of poor growth plantations. We still hold close to 4,000 head of cattle and the operation produced a small profit. The impact of our herd size in the future is not yet fully established as we proceed with our arable venture which is now cleared on some 550 hectares of what was mainly livestock grazing land. Our Joint Project with Del Monte gave satisfactory returns.

## PROSPECTS

We are looking towards a much improved throughput level on Avocados but pricing for the year is speculative and logistics for shipping is still problematical. Tea prices are improving slightly but not yet reaching levels on which satisfactory investment returns can be made. This sector of our economy is at present going through a somewhat turbulent time. The more mature macadamia plantations are showing good flowering and if this results in an increase of our nut in shell production, we may bring forward the construction of our cracking facility. The arable venture is still at a very early stage of development and we are yet to make a firm decision on crop viability for the land.

The wage award being negotiated with the Union due at the beginning of this year is still to be finalized. Our balance sheet remains strong and under present conditions we would look towards similar profit levels to last year but as is often stated by your Directors forecasting in a commercial agriculture environment is difficult.

## DIVIDEND

The Directors do not recommend a dividend for the first half of the year.



**K W Tarplee**  
**CHAIRMAN**

26 August 2014

## Consolidated statement of comprehensive income

	Notes	6 Months to 30 June 2014 Shs'000	6 Months to 30 June 2013 Shs'000
<b>Sales</b>	3	447,623	428,988
Gains arising from changes in fair value less cost to sell of biological assets	10	18,506	21,015
		<hr/>	<hr/>
		466,129	450,003
Cost of production		(360,254)	(323,261)
		<hr/>	<hr/>
<b>Gross profit</b>	3	105,875	126,742
Other income	4	3,376	6,445
Distribution costs	3	(77,025)	(60,264)
		<hr/>	<hr/>
<b>Operating profit</b>		32,226	72,923
Finance income	5	44,012	39,949
		<hr/>	<hr/>
<b>Profit before income tax</b>		76,238	112,872
Income tax expense	6	(27,282)	(35,700)
		<hr/>	<hr/>
<b>Profit for the period</b>		48,956	77,172
<b>Other comprehensive income</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income</b>		48,956	77,172
		<hr/> <hr/>	<hr/> <hr/>
<b>Profit for the period attributable to:</b>			
Equity holders of the company:		48,956	77,172
		<hr/>	<hr/>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company:		48,956	77,172
		<hr/>	<hr/>
		<b>Shs</b>	<b>Shs</b>
<b>Earnings per share attributable to equity holders of the company:</b>			
Basic and diluted earnings per stock unit	7	2.50	3.94
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 15 are an integral part of these interim financial statements.

## Consolidated statement of financial position

	Notes	30 June 2014 Shs'000	30 June 2013 Shs'000	Audited 31 December 2013 Shs'000
<b>EQUITY</b>				
Share capital		98,000	98,000	98,000
Other reserves		9,986	(1,289)	9,986
Retained earnings		2,771,498	2,708,186	2,722,542
Proposed dividends		-	-	73,500
<b>Total equity</b>		<b>2,879,484</b>	<b>2,804,897</b>	<b>2,904,028</b>
<b>Non-current liabilities</b>				
Deferred income tax		636,303	601,664	623,204
Retirement benefit obligations		48,394	47,179	43,130
		<b>684,697</b>	<b>648,843</b>	<b>666,334</b>
<b>Total equity &amp; non current liabilities</b>		<b>3,564,181</b>	<b>3,453,740</b>	<b>3,570,362</b>
<b>REPRESENTED BY</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	544,382	539,120	544,697
Biological assets	10	1,992,515	1,863,063	1,905,821
Prepaid operating lease rentals		4,399	4,404	4,404
Financial assets available for sale	12	69,231	-	76,923
Non-current receivables		19,706	16,226	15,043
		<b>2,630,233</b>	<b>2,422,813</b>	<b>2,546,888</b>
<b>Current assets</b>				
Inventories		235,372	169,696	77,365
Receivables and prepayments		99,457	179,418	173,147
Cash and cash equivalents	11	793,019	859,697	904,758
Financial assets available for sale	12	15,385	-	15,385
		<b>1,143,233</b>	<b>1,208,811</b>	<b>1,170,655</b>
<b>Current liabilities</b>				
Payables and accrued expenses		192,005	154,683	129,610
Current income tax payable		5,921	6,236	7,805
Post-employment benefit obligations		11,359	16,965	9,766
		<b>209,285</b>	<b>177,884</b>	<b>147,181</b>
<b>Net current assets</b>		<b>933,948</b>	<b>1,030,927</b>	<b>1,023,474</b>
		<b>3,564,181</b>	<b>3,453,740</b>	<b>3,570,362</b>

The notes on pages 8 to 15 are an integral part of these interim financial statements.

## Company statement of financial position

	Notes	30 June 2014 Shs'000	30 June 2013 Shs'000	Audited 31 December 2013 Shs'000
<b>EQUITY</b>				
Share capital		98,000	98,000	98,000
Other reserves		9,986	(1,289)	9,986
Retained earnings		2,767,357	2,704,045	2,718,401
Proposed dividends		-	-	73,500
<b>Attributable to company's equity holders</b>		<b>2,875,343</b>	<b>2,800,756</b>	<b>2,899,887</b>
<b>Non-current liabilities</b>				
Deferred income tax		636,303	601,664	623,204
Retirement benefit obligations		48,394	47,179	43,130
		<b>684,697</b>	<b>648,843</b>	<b>666,334</b>
		<b>3,560,040</b>	<b>3,449,599</b>	<b>3,566,221</b>
<b>REPRESENTED BY</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	544,382	539,120	544,697
Biological assets	10	1,992,515	1,863,063	1,905,821
Prepaid operating lease rentals		4,399	4,404	4,404
Investments in subsidiaries		4,295	4,295	4,295
Financial assets available for sale	12	69,231	-	76,923
Non-current receivables		19,706	16,226	15,043
		<b>2,634,528</b>	<b>2,427,108</b>	<b>2,551,183</b>
<b>Current assets</b>				
Inventories		235,372	169,696	77,365
Receivables and prepayments		99,457	179,418	173,147
Cash and cash equivalents	11	793,019	859,697	904,758
Financial assets available for sale	12	15,385	-	15,385
		<b>1,143,233</b>	<b>1,208,811</b>	<b>1,170,655</b>
<b>Current liabilities</b>				
Payables and accrued expenses		200,388	163,066	137,993
Current income tax payable		5,974	6,289	7,858
Retirement benefit obligations		11,359	16,965	9,766
		<b>217,721</b>	<b>186,320</b>	<b>155,617</b>
<b>Net current assets</b>		<b>925,512</b>	<b>1,022,491</b>	<b>1,015,038</b>
		<b>3,560,040</b>	<b>3,449,599</b>	<b>3,566,221</b>

The notes on pages 8 to 15 are an integral part of these interim financial statements.

## Consolidated statement of changes in equity

	Attributable to company's equity holders				
	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
<b>Period ended 30 June 2014</b>					
At start of period	98,000	9,986	2,722,542	73,500	2,904,028
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	48,956	-	48,956
Other comprehensive income	-	-	-	-	-
<b>Total</b>	-	-	48,956	-	48,956
<b>Transactions with owners:</b>					
Dividends to equity owners of the company: - Final for 2013	-	-	-	(73,500)	(73,500)
<b>Total</b>	-	-	-	(73,500)	(73,500)
At end of period	98,000	9,986	2,771,498	-	2,879,484
	<b>Share capital Shs'000</b>	<b>Other reserves Shs'000</b>	<b>Retained earnings Shs'000</b>	<b>Proposed dividend Shs'000</b>	<b>Total equity Shs'000</b>
<b>Period ended 30 June 2013</b>					
At start of period	98,000	(1,289)	2,631,014	73,500	2,801,225
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	77,172	-	77,172
Other comprehensive income	-	-	-	-	-
<b>Total</b>	-	-	77,172	-	77,172
<b>Transactions with owners:</b>					
Dividends to equity owners of the company: - Final for 2012	-	-	-	(73,500)	(73,500)
<b>Total</b>	-	-	-	(73,500)	(73,500)
At end of period	98,000	(1,289)	2,708,186	-	2,804,897

The notes on pages 8 to 15 are an integral part of these interim financial statements.

## Company statement of changes in equity

	Share capital Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total equity Shs'000
<b>Period ended 30 June 2014</b>					
At start of period	98,000	9,986	2,718,401	73,500	2,899,887
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	48,956	-	48,956
Other comprehensive income	-	-	-	-	-
<b>Total</b>	-	-	48,956	-	48,956
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2013	-	-	-	(73,500)	(73,500)
<b>Total</b>	-	-	-	(73,500)	(73,500)
At end of period	98,000	9,986	2,767,357	-	2,875,343
<b>Period ended 30 June 2013</b>					
At start of period	98,000	(1,289)	2,626,873	73,500	2,797,084
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	77,172	-	77,172
Other comprehensive income	-	-	-	-	-
<b>Total</b>	-	-	77,172	-	77,172
<b>Transactions with owners:</b>					
Dividends:					
- Final for 2012	-	-	-	(73,500)	(73,500)
<b>Total</b>	-	-	-	(73,500)	(73,500)
At end of period	98,000	(1,289)	2,704,045	-	2,800,756

The notes on pages 8 to 15 are an integral part of these interim financial statements.

## Consolidated statement of cash flows

	Notes	6 months to 30 June 2014 Shs'000	6 months to 30 June 2013 Shs'000
<b>Operating activities</b>			
Cash generated from operations	14	80,964	142,254
Interest received		46,142	39,038
Income tax paid		(16,066)	(9,400)
		<hr/>	<hr/>
Net cash generated from operating activities		111,040	171,892
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(24,170)	(10,866)
Purchase of biological assets and development	10	(134,230)	(126,930)
Proceeds from disposal of property, plant and equipment		1,429	1,561
Redemption proceeds from available for sale investments		7,692	-
		<hr/>	<hr/>
Net cash used in investing activities		(149,279)	(136,235)
		<hr/>	<hr/>
<b>Financing activities</b>			
Dividend paid to company's shareholders		(73,500)	(73,500)
		<hr/>	<hr/>
Net cash used in financing activities		(73,500)	(73,500)
		<hr/>	<hr/>
<b>Decrease in cash and cash equivalents</b>		<b>(111,739)</b>	<b>(37,843)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Movement in cash and cash equivalents</b>			
At start of period		904,758	897,540
Decrease		(111,739)	(37,843)
		<hr/>	<hr/>
At end of period	11	793,019	859,697
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 15 are an integral part of these interim financial statements.



## Notes

### 1. GENERAL INFORMATION

Kakuzi Limited is incorporated in Kenya under the Kenyan Companies Act as a public limited liability company, and is domiciled in Kenya.

### 2. BASIS OF PREPARATION

a) The interim financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The interim financial statements are presented in the functional currency, Kenya Shillings (Shs), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the carrying of biological assets and agricultural produce at fair values less costs to sell.

The preparation of interim financial statements in conformity with IFRS requires the use of estimates and assumptions. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b) The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2013 unless otherwise stated.

c) Costs that occur unevenly during the financial year are anticipated or deferred in the interim only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

d) Income tax expense is recognised based on the annual income tax rate expected for the full financial year. The annual tax rate used for 2014 is 30% (2013 was 30%).

e) These unaudited interim financial statements should be read in conjunction with the 2013 annual financial statements.

f) Where necessary, comparative figures have been adjusted to conform to the presentation of the current year.

### 3. SEGMENTAL REPORTING

Directors have determined the operating segments based on the reports reviewed by the Executive Directors to make strategic decisions.

The Group operates in two geographical areas in Kenya, Makuyu and Nandi Hills under several operating segments. The principal operating segments currently consist of Avocados, Tea and Forestry. Macadamia will become a reportable operating segment in future (currently under %all other segments+) as it is expected to materially contribute to Group sales in the future. Other segments derive their sales from livestock, fresh pineapples and joint projects and are included under %all other segments+ as they individually fall below the threshold of 10% of Group sales.

Segmental assets consist primarily of property, plant and equipment, biological assets, inventories, receivables and prepayments. Unallocated assets are property, plant and equipment, inventories relating to Main Office and Engineering. Segmental liabilities consist primarily of borrowings, payables and accrued expenses. Unallocated liabilities are taxes, borrowings and non-current liabilities.

**Notes (continued)**

**3. SEGMENTAL REPORTING (continued)**

The segment information for the reportable segments for the six month period ended 30 June 2014 and 30 June 2013 is as follows:

	2014 Tea	2013	2014 Avocados	2013	2014 Forestry	2013	2014 All other segments	2013	2014 Consolidated	2013
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>Sales</b>										
Sales to external customers	106,003	132,732	199,058	148,542	74,458	72,761	68,104	74,953	447,623	428,988
<b>Comprising</b>										
Major external customers sales	106,003	132,732	186,931	142,682	-	-	-	-	292,934	275,414
All other external customers sales	-	-	12,127	5,860	74,458	72,761	68,104	74,953	154,689	153,574
	106,003	132,732	199,058	148,542	74,458	72,761	68,104	74,953	447,623	428,988
<b>Geographical analysis</b>										
United Kingdom	-	-	119,382	72,906					119,382	72,906
Continental Europe	-	-	67,549	69,776	-	-	-	-	67,549	69,776
Kenya	106,003	132,732	12,127	5,860	74,458	72,761	68,104	74,953	260,692	286,306
	106,003	132,732	199,058	148,542	74,458	72,761	68,104	74,953	447,623	428,988

Notes (continued)

3. SEGMENTAL REPORTING (continued)

	2014 Tea Shs'000	2013 Shs'000	2014 Avocados Shs'000	2013 Shs'000	2014 Forestry Shs'000	2013 Shs'000	2014 All other segments Shs'000	2013 Shs'000	2014 Consolidated Shs'000	2013 Shs'000
<b>Profit/(loss)</b>										
Gross profit/(loss) before depreciation and fair value changes in biological assets	3,311	19,956	131,376	101,382	1,617	12,789	(24,768)	(4,019)	111,536	130,108
Depreciation charge	(1,657)	(2,580)	(8,231)	(7,704)	(1,181)	(1,489)	(13,098)	(12,608)	(24,167)	(24,381)
Changes in fair value of biological assets	-	-	(81)	(79)	-	-	18,587	21,094	18,506	21,015
<b>Gross profit</b>	1,654	17,376	123,064	93,599	436	11,300	(19,279)	4,467	105,875	126,742
Distribution costs	-	-	(77,025)	(60,264)	-	-	-	-	(77,025)	(60,264)
Segment profit	1,654	17,376	46,039	33,335	436	11,300	(19,279)	4,467	28,850	66,478
Other unallocated income and expenses										
Other income	1,323	1,855	-	-	-	-	2,053	4,590	3,376	6,445
Interest income	-	-	-	-	-	-	44,012	39,949	44,012	39,949
Profit before income tax	2,977	19,231	46,039	33,335	436	11,300	26,786	49,006	76,238	112,872
Income tax expense	(1,065)	(6,083)	(16,476)	(10,543)	(156)	(3,574)	(9,585)	(15,500)	(27,282)	(35,700)
Profit for the period	1,912	13,148	29,563	22,792	280	7,726	17,201	33,506	48,956	77,172
<b>Assets (all located in Kenya)</b>										
Segment assets	901,498	889,535	1,116,556	1,072,133	423,573	488,524	643,137	494,768	3,084,764	2,944,960
Unallocated assets	-	-	-	-	-	-	-	-	688,702	686,664
									3,773,466	3,631,624
<b>Liabilities</b>										
Segment liabilities	40,482	40,479	28,482	28,803	14,495	3,574	3,486	2,881	86,945	75,737
Unallocated liabilities	-	-	-	-	-	-	-	-	807,037	750,990
									893,982	826,727
<b>Additions</b>										
Property, plant and equipment	-	499	3,936	1,467	5,644	1,702	14,590	7,198	24,170	10,866
Biological assets	-	-	81	1,484	5,801	1,263	29,855	36,565	35,737	39,312
	-	499	4,017	2,951	11,445	2,965	44,445	43,763	59,907	50,178

**Notes (continued)**

	<b>6 months to 30 June 2014 Shs'000</b>	<b>6 months to 30 June 2013 Shs'000</b>
<b>4. OTHER INCOME</b>		
Net foreign exchange gain, other than on cash and cash equivalents	11	39
Gain on disposal of property, plant and equipment	1,111	1,560
Rental income	1,671	1,598
Sundry	583	3,248
	<hr/>	<hr/>
	3,376	6,445
	<hr/> <hr/>	<hr/> <hr/>
<b>5. FINANCE INCOME</b>		
Interest income on short term bank deposits	46,142	39,038
Net foreign exchange (loss)/gain on cash and cash equivalents	(2,130)	911
	<hr/>	<hr/>
	44,012	39,949
	<hr/> <hr/>	<hr/> <hr/>
<b>6. INCOME TAX</b>		
Current income tax	14,182	12,172
Deferred income tax	13,100	23,528
	<hr/>	<hr/>
Income tax expense	27,282	35,700
	<hr/> <hr/>	<hr/> <hr/>

**7. BASIC AND DILUTED EARNINGS PER STOCK UNIT**

Basic and diluted earnings per stock unit are calculated on the profit attributable to the members of Kakuzi Limited and on the 19,599,999 stock units in issue at 30 June 2014 and 30 June 2013.

The company had no potentially dilutive stock units outstanding at 30 June 2014 or 30 June 2013.

**8. DIVIDEND**

The directors do not recommend the payment of an interim dividend.

Notes (continued)

9. CAPITAL EXPENDITURE (Group and Company)

	6 months to 30 June 2014 Shs'000	6 months to 30 June 2013 Shs'000
<b>Property, plant and equipment</b>		
Opening net book amount	544,697	552,635
Capital expenditure . additions	24,170	10,866
Disposals	(318)	-
Depreciation	(24,167)	(24,381)
	<hr/>	<hr/>
Closing net book amount	544,382	539,120
	<hr/> <hr/>	<hr/> <hr/>

10. BIOLOGICAL ASSETS (Group and Company)

Changes in carrying amounts of biological assets comprise :-

	Livestock Shs'000	Permanent plantings Shs'000	Total Shs'000
<b>Period ended 30 June 2014</b>			
At 1 January 2014	116,646	1,789,175	1,905,821
Increase due to purchases and development	894	133,336	134,230
Gains/(loss) arising from changes in fair value less costs to sell	18,587	(81)	18,506
Decrease due to harvest and sales	(25,667)	(40,375)	(66,042)
	<hr/>	<hr/>	<hr/>
At 30 June 2014	110,460	1,882,055	1,992,515
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Period ended 30 June 2013</b>			
At 1 January 2013	111,172	1,645,956	1,757,128
Increase due to purchases and development	4,071	122,859	126,930
Gains/(loss) arising from changes in fair value less costs to sell	21,094	(79)	21,015
Decrease due to harvest and sales	(28,311)	(13,699)	(42,010)
	<hr/>	<hr/>	<hr/>
At 30 June 2013	108,026	1,755,037	1,863,063
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**10. BIOLOGICAL ASSETS (Group and Company) (continued)**

Biological assets are carried at fair value less costs to sell.

Plantations comprise tea, timber, avocado, pineapple and macadamia plantings.

The fair value of avocado plantation is estimated based on the present value of expected net cash flows, using a current market determined pre-tax rate of 17.5% per annum. The key assumptions made concerning the future are as follows:

- projected lifespan of 25 years
- climatic condition will remain the same
- the market price will remain constant based on recent market prices
- the costs to be incurred in growing the avocados and getting them to the market will remain constant based on recent financial budgets of the company.

The fair value of macadamia plantation is estimated based on the present value of expected net cash flows, using a current market determined pre-tax rate of 17.5% per annum. The key assumptions made concerning the future are as follows:

- projected lifespan of 30 years
- climatic condition will remain the same
- recent market price will prevail
- the costs to be incurred in growing the macadamia and getting them to the market will remain constant based on recent financial budgets of the company.

The fair value of other plantations is determined by external independent valuation based on recent market transaction prices.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

**11. CASH AND CASH EQUIVALENTS (Group and Company)**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following: -

	<b>6 months to 30 June 2014 Shs'000</b>	<b>6 months to 30 June 2013 Shs'000</b>
Cash at bank and in hand	39,107	39,697
Short term deposits	753,912	820,000
	<hr/>	<hr/>
Total	793,019	859,697
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**12. FINANCIAL ASSETS AVAILABLE FOR SALE (Group and Company)**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following: -

	<b>6 months to 30 June 2014 Shs'000</b>	<b>6 months to 30 June 2013 Shs'000</b>
On 1 January	92,308	-
Addition in the Period	-	-
Redeemed in the Period	(7,692)	-
	<hr/>	<hr/>
On 30 June	84,616	-
	<hr/>	<hr/>
Non current portion	69,231	-
Current portion	15,385	-
	<hr/>	<hr/>
	84,616	-
	<hr/>	<hr/>

**13. CAPITAL COMMITMENTS**

	<b>6 months to 30 June 2014 Shs'000</b>	<b>6 months to 30 June 2013 Shs'000</b>
<b>Capital expenditure contracted for at the statement of financial position date but not recognized in the consolidated interim financial statements is as follows:-</b>		
Property, plant and equipment	-	461
	<hr/>	<hr/>

**Notes (continued)**

**14. CASH GENERATED FROM OPERATIONS – (Group and Company)**

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

	Notes	6 months to 30 June 2014 Shs'000	6 months to 30 June 2013 Shs'000
Profit before income tax		76,238	112,872
Adjustments for:			
Interest income	5	(46,142)	(39,038)
Depreciation	9	24,167	24,381
Amortisation of prepaid operating lease rentals		5	5
Profit on sale of property, plant and equipment		(1,111)	(1,560)
Gains arising from changes in fair value less estimated point-of-sale costs of biological assets	10	(18,506)	(21,015)
Decrease in fair value of biological assets due to sales and harvest and disposal	10	66,042	42,010
Changes in working capital			
- inventories		(158,008)	(104,270)
- receivables and prepayments		69,027	98,916
- payables and accrued expenses		62,395	25,471
- retirement benefit obligations		6,857	4,482
		<hr/>	<hr/>
Cash generated from continuing operations		80,964	142,254
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