

## ANNOUNCEMENT OF THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

The directors of the East African Portland Cement Company Limited are pleased to announce the unaudited consolidated results for the six months period ended 31st December 2016

### Consolidated Statement of Comprehensive Income for six months period ended:

	31 Dec 2016 Sh' 000	31 Dec 2015 Sh' 000
Revenue	3,722,059	4,620,517
Cost of Sales	(3,074,533)	(3,767,486)
Gross Profit	647,526	853,031
Other Operating Income	340	34,648
Administration and Selling Expenses	(1,062,116)	(1,167,360)
<b>(Loss)/Profit from Operating Activities</b>	<b>(414,250)</b>	<b>(279,681)</b>
Interest Income	1,619	1,931
Foreign Exchange (losses)/gains	186,241	(187,595)
Gain on disposal of leasehold land	-	-
Finance Costs	(307,308)	(279,680)
<b>(Loss)/Profit Before Tax</b>	<b>(533,698)</b>	<b>(745,025)</b>
Tax (Charge)/Credit	285,577	216,766
<b>(Loss)/Profit After Tax</b>	<b>(248,121)</b>	<b>(528,259)</b>
Other Comprehensive Income	29,539	(3,192)
<b>Total Comprehensive Income</b>	<b>(218,582)</b>	<b>(531,451)</b>
Earnings Per Share	(2.43)	(5.91)

### Consolidated Statement of Cash Flows for the six months ended:

	31 Dec 2016 Sh' 000	31 Dec 2015 Sh' 000
Cash flow Generated from Operations	184,619	257,087
Interest Paid	(290,786)	(241,400)
Interest Received	267	336
Taxation Paid	(2,444)	(1,675)
<b>Cash Generated From Operating Activities</b>	<b>(108,344)</b>	<b>14,348</b>
<b>Net Cash Used in Investing Activities</b>	<b>(118,953)</b>	<b>(228,653)</b>
Repayment of Lease obligation	-	(8,608)
Receipt of Asset finance loan	322,908	316,585
Repayment of asset finance loans	(246,844)	(240,420)
Receipt of post import finance	254,614	403,767
Loan Repayment	(194,894)	(201,808)
<b>Net Cash Used in Financing Activities</b>	<b>135,784</b>	<b>269,516</b>
Net (Decrease)/increase in Cash & Cash Equivalents	(91,513)	55,211
Effect of foreign currency translation	29,539	(3,192)
Cash and Cash Equivalents as at 1st July	(1,440,899)	(424,117)
<b>Cash and Cash Equivalents as at 31 December</b>	<b>(1,502,873)</b>	<b>(372,098)</b>

### Consolidated Statement of Financial Position as at:

	31 Dec 2016 Sh' 000	30 June 2016 Sh' 000
<b>Assets</b>		
<i>Non-current assets</i>		
Property, plant & equipment	8,066,885	8,464,905
Intangible and other non-current assets	193,420	188,194
Investment property	15,736,956	15,736,956
Loan swap asset	1,148,594	1,305,321
Restricted deposits	32,213	31,896
<b>Total non-current assets</b>	<b>25,178,068</b>	<b>25,727,272</b>
<i>Current assets</i>		
Inventories	1,482,309	1,346,118
Trade and other receivables	769,344	602,859
Cash and cash equivalents	187,557	165,871
<b>Total current assets</b>	<b>2,439,210</b>	<b>2,114,848</b>
<b>Total assets</b>	<b>27,617,278</b>	<b>27,842,120</b>
<b>Equity and Liabilities</b>		
<i>Capital and reserves</i>		
Share capital	450,000	450,000
Share premium	648,000	648,000
Asset revaluation reserve	1,435,113	1,465,726
Retained earnings	15,153,251	15,370,759
Foreign Currency Translation Reserve	41,814	12,275
<b>Total equity</b>	<b>17,728,178</b>	<b>17,946,760</b>
<i>Non current liabilities</i>		
Staff gratuity	1,129,664	1,088,970
Deferred tax liability	192,320	481,582
Loan swap liability	1,021,434	1,186,082
Long-term Loan	1,909,217	2,176,606
<b>Total non-current liabilities</b>	<b>4,252,635</b>	<b>4,933,240</b>
<i>Current liabilities</i>		
Current of Long-term Loan	823,228	716,751
Bank overdraft	1,690,430	1,606,770
Trade and other payables	3,122,807	2,638,599
<b>Total current liabilities</b>	<b>5,636,465</b>	<b>4,962,120</b>
<b>Total equity and liabilities</b>	<b>27,617,278</b>	<b>27,842,120</b>

### PERFORMANCE

Revenue declined by 19% over the same period last year due to reduction in sales volumes by 17% as a result of changes in the competitive landscape. Cost of sales was contained and proportionately reduced by 19% in line with the decrease in Sales Volume. Consequently, the gross profit margin remained at 18% compared to prior period. Administrative expenses reduced by 9% compared to the same period last year as a result of the ongoing cost management initiatives. Loss from operating activities increased by 48% over same period last year due to lower revenue despite the gains realised in control of administrative expenses.

The foreign exchange gain in the period was Kshs 186 million compared to a loss of Kshs 188 million in the same period last year due to favourable movements in relevant Foreign exchange rates.

### FUTURE OUTLOOK

Demand for cement is expected to decline as election uncertainties sets in coupled with possible decline in disposable income of households occasioned by drought, general decline in the manufacturing sector and near completion of major infrastructure projects. Cement supply will continue to outstrip local demand, hence we expect the market prices to remain subdued in the short to medium term. Revenue enhancement and cost optimization will remain key focus objectives as the company continues to leverage on its brand to weather competitive pressure. The Company will continue with the ongoing restructuring programs covering both operations and financial aspects of the business. This is geared towards reduction of the high Finance and Administrative costs and stabilisation of the value chain processes in order to enhance efficiency and the Company's competitive position.

The board is optimistic that with the implementation of the company's medium term plans the company will return back to profitability.

### DIVIDEND

The directors do not recommend payment of an interim dividend.

### BY ORDER OF THE BOARD

SHEILA KAHUKI  
COMPANY SECRETARY

22 February 2017