



KAPCHORUA TEA COMPANY LIMITED

**PROFIT WARNING ANNOUNCEMENT
FOR THE YEAR ENDING 31ST MARCH 2017**

The Board of Kapchorua Tea Company Limited, pursuant to the Capital Markets regulations for Companies quoted at the Nairobi Securities Exchange, currently forecasts that earnings for the financial year ending 31st March 2017 could be a least 25% lower than those of financial year ended 31st March 2016. The anticipated decline in full year's profit is attributed in part to uneven and unpredictable weather patterns but more so the primary cause is an inability to control aggressive and rising labour costs. With high employee numbers, our anticipated wage and other benefits increases dating back to 2014 require huge financial provisions which if repeated would be unsustainable. With Union and Collective Bargaining Agreement disputes residing in Court and therefore unknown, the future remains uncertain and challenging. The Board of Directors and Management are taking appropriate measures on cost-cutting wherever possible.

E.N.K Wanjama
Chairman