

**UNAUDITED CONDENSED GROUP RESULTS FOR THE SIX MONTHS PERIOD ENDED 31<sup>ST</sup> DECEMBER 2017**

UNAUDITED CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017		
	Actual - 31 Dec 2017 Kes' 000	Actual - 31 Dec 2016 Kes' 000
Sales	513,460	684,057
Cost of sales	(191,059)	(318,652)
Gross profit	322,401	365,405
Total operating expenses	(270,310)	(306,535)
Profit before tax	52,091	58,870
Taxation charge	(15,628)	(15,306)
<b>Net profit after tax</b>	<b>36,463</b>	<b>43,564</b>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017		
	Actual - 31 Dec 2017 Kes' 000	Actual - 31 Dec 2016 Kes' 000
<b>ASSETS:</b>		
Non-current assets	579,539	330,262
Current assets	1,154,747	1,539,892
<b>Total Assets</b>	<b>1,734,286</b>	<b>1,870,154</b>
<b>EQUITY AND LIABILITIES:</b>		
Total equity	982,169	975,556
Total liabilities	752,117	894,598
<b>Total equity and liabilities</b>	<b>1,734,286</b>	<b>1,870,154</b>

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR SIX MONTHS ENDED 31 DECEMBER 2017		
	Actual - 31 Dec 2017 Kes' 000	Actual - 31 Dec 2016 Kes' 000
Net cash used in operating activities	(66,407)	(79,222)
Net cash used in investing activities	(27,343)	(53,069)
Net cash generated from/(used in) financing activities	95,369	(71,789)
Net decrease in cash and cash equivalent	1,619	(204,081)
At start of period	11,649	200,649
<b>Cash and cash equivalent at end of period</b>	<b>13,268</b>	<b>(3,432)</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017				
	Share Capital & Premium	Retained earnings	Other Reserves	Total
At 1 July 2016	640,729	326,031	(19,193)	947,567
Comprehensive income	-	133,743	-	133,743
Exchange difference on translation of foreign operations	-	-	(15,250)	(15,250)
Dividends	-	(120,354)	-	(120,354)
<b>At 30 June 2017</b>	<b>640,729</b>	<b>339,420</b>	<b>(34,443)</b>	<b>945,706</b>
Comprehensive income	-	36,463	-	36,463
<b>At 31 December 2017</b>	<b>640,729</b>	<b>375,883</b>	<b>(34,443)</b>	<b>982,169</b>

**COMMENTARY ON RESULTS**

The Board of Directors of Longhorn Publishers Limited is pleased to announce the unaudited results for the half year period ended 31st December 2017. Turnover dropped by 25% compared to the same period in the previous year. This is attributed to the new Government text book procurement framework which resulted in a shift in the buying pattern from quarter II to quarter III of our financial year. We are pleased to be one of the publishers that will be supplying the Government of Kenya with text books in the new procurement framework. Despite the 25% drop in turnover, our profit after tax dropped by a lower proportion of 16%. This is due to the improvement in our operational efficiency and focus on high margin products.

The performance for the second half is expected to be positive mainly due to the government orders to supply books for class 7 and 8. We also expect to deliver on Rwanda Government and UNICEF South Sudan contracts. The Company remains on track in the implementation of its strategic objectives. The Board is encouraged by our geographical diversification strategy which has now yielded success in our newest market, Senegal, where we expect to supply books later this year.

Our digital learning continues to grow exponentially and this will remain the key growth area for the Company.

**DIVIDENDS**

The Board of Directors does not recommend payment of an interim dividend for the half year period ended 31 December 2017.

These unaudited financial statements were approved by the Board of Directors on 23<sup>rd</sup> February, 2018.

By order of the Board

Hon. Francis T. Nyamwo OGW, MBS  
(Group Chairman)

Simon Ngigi  
(Group Managing Director)

