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Mining Firm Denies Making Huge Profits

By Roselyne Obala

Kenya Fluorspar Limited has clarified its financial performance over the past four years, saying average annual sales were Sh2.35 billion and not the Sh4 billion suggested during a recent Senate committee hearing.

The firm was responding to statements by Mining Cabinet Secretary Najib Balala and senators during a meeting of the Senate Committee on Lands and Natural Resources at which it has claimed the company makes Sh4 billion yearly, but only declares Sh300,000 to the Government.

But in a statement yesterday, the management of Kenya Fluorspar Limited said “there is absolutely no truth whatsoever to such an inaccurate accusation” adding there was no explanation as to the source of the information.

“In the interest of setting the record straight, we would point to our financial performance over the past four years, from 2011 to 2014. During this period, the company’s average annual sales were Sh2.35 billion, not Sh4 billion – with the past two years much lower at Sh1.4 billion per annum due to depressed global markets and lack of demand,” read the statement.

Losses Made

The firm explained it has paid its taxes despite making losses in the past two years and cumulatively over the last four years it has remitted Sh705 million in taxes.

“Despite net losses recorded for the financial years 2013 and 2014 due to the depressed sales, the company continued with its operations and paid its taxes. During the period 2011 to 2014, Sh705 million was paid to the Government in the form of various taxes. In addition to the taxes, the company paid Sh59 million in royalties for the half year from July 1, 2013 to December 2014, since the inception of the new royalty rates,” added the statement.

The firm said it has also continued investing in its CSR programmes for local communities, averaging Sh55 million per annum in the past two years, spent on such projects as schools and medical centres.

Balala, who appeared before the Lands and Natural Resources committee last week expressed concern that the country is losing billions to unscrupulous miners, who understate their earnings.