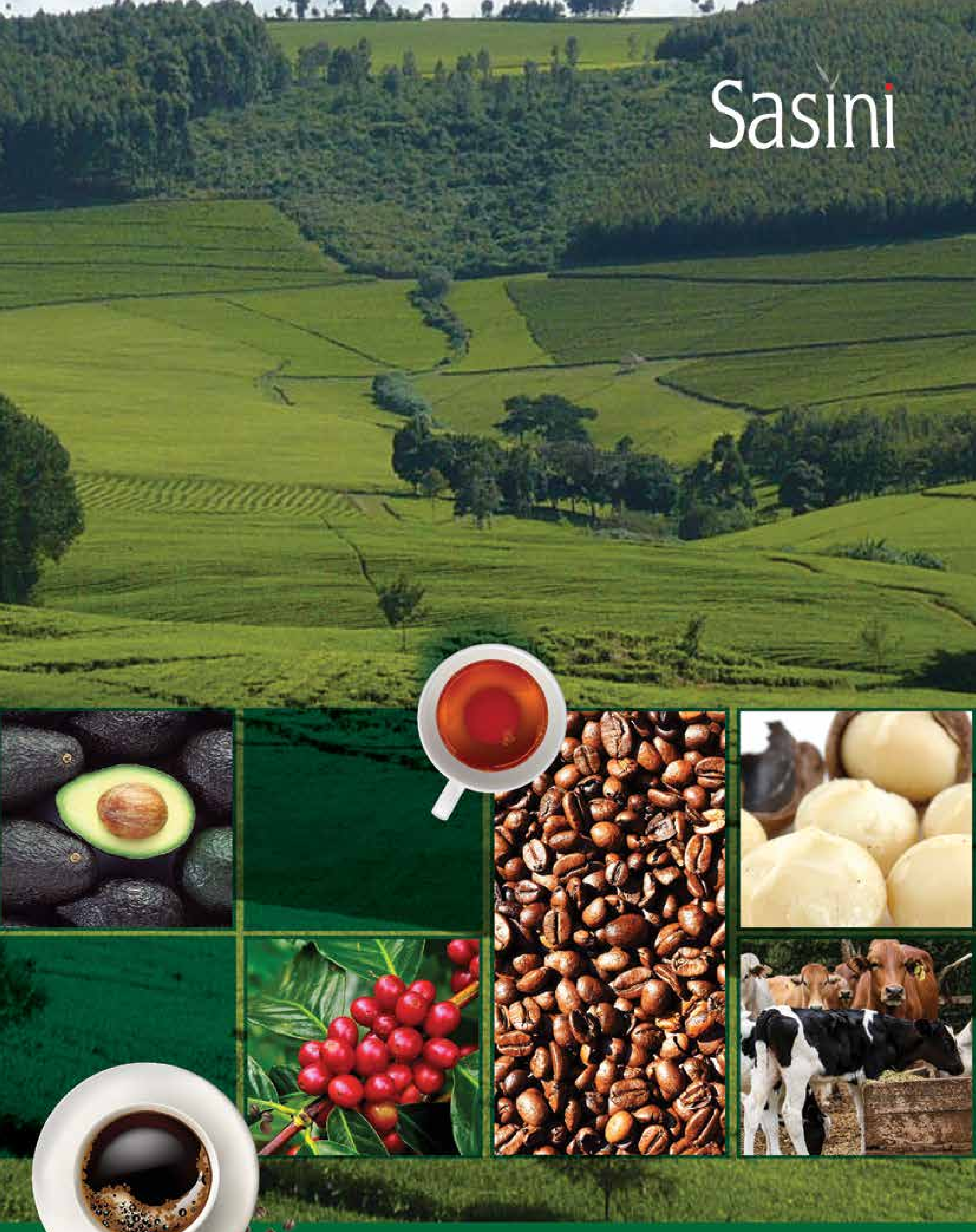
Sasini



SASINI PLC

2018 ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2018

CONTENTS

DIRECTORS AND STATUTORY INFORMATION

DIRECTORS

Dr. J.B. McFie, PhD, MBS	- Chairman
Dr. N. N. Merali, PhD, CBS	
A.H. Butt, CPA (Kenya), FCCA	
S.N. Merali, MSc	
Dr. S.O. Mainda, PhD, MA, ACII, EBS	
Betty Koech, MBA, BCom	- (Appointed 15 January 2018)
Rosemary Munyiri, MSc, BCom, CPA (Kenya), CISA	- (Appointed 15 January 2018)
L.W. Waithaka, MSc	- (Retired 9 March 2018)
S. M. Githiga, MBA, Bsc, CPA (Kenya)	- (Retiring 31 December 2018)

SECRETARY

Lawrence Chelimo Kibet, CPS (Kenya)
5th Floor, Barclays Plaza, Loita Street
PO Box 9287 - 00100
NAIROBI

REGISTRARS

Image Registrars Limited
5th Floor, Barclays Plaza, Loita Street
PO Box 9287- 00100
NAIROBI

ADVOCATES

Shapley Barret & Company
PO Box 40286 - 00100
NAIROBI

Hamilton Harrison & Mathews
PO Box 30333 - 00100
NAIROBI

Timamy and Company Advocates
PO Box 87288 - 80100
MOMBASA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

3rd Floor, Rivaan Centre
Westlands
PO Box 30151 - 00100
NAIROBI

Telephone
(+254-020) 3342166/71/72

Mobile
(+254) 0722 200706, 0734 200706

E-mail
info@sasini.co.ke

Website
www.sasini.co.ke

AUDITORS

KPMG Kenya
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 - 00100
NAIROBI

BANKERS

Barclays Bank of Kenya Limited
Barclays Plaza
PO Box 46661 - 00100
NAIROBI

Commercial Bank of Africa Limited
Mara & Ragati Roads, Upper Hill
PO Box 30437 - 00100
NAIROBI

Spire Bank Limited
Equatorial Fidelity Centre
Waiyaki Way
PO Box 52467 - 00200
NAIROBI

KCB Bank Kenya Limited
Kiambu Branch
PO Box 81 - 00900
KIAMBU

Standard Chartered Bank Kenya Limited
Kiambu Branch
PO Box 117 - 00900
KIAMBU

UBA Kenya Bank Limited
Ring Road, Vale Close Westlands
PO Box 34154 - 00100
NAIROBI

HFC Bank Limited
Rehani House Koinange Street
PO Box 30088 - 00100
NAIROBI

Co - operative Bank of Kenya Limited
Nairobi Business Centre, China Centre
PO Box 48231 - 00100
NAIROBI

Stanbic Bank Kenya Limited
Stanbic Bank Centre, Westlands Road
P.O Box 72833 - 00200
NAIROBI

Diamond Trust Bank Kenya Limited
DTB Centre, Mombasa Road
PO Box 61711 - 00200
NAIROBI

VISION
" To be the leading agribusiness in Africa."

MISSION
" To focus on innovative and efficient business practices, quality products and commitment to all our stake holders."

OUR CORE VALUES
- Integrity
- Efficiency
- Positive Attitude
- Respect
- Teamwork

CERTIFICATIONS

- Utz certification for coffee operations;
- Rain Forest Alliance certification for Tea and Coffee operations
- Kenya Bureau of Standards Diamond mark of quality for branded Tea's
- ISO 22000:2005 certification
- Fair Trade Flo Certification
- C.A.F.E. Practices (Starbucks Coffee)

ISO 22000:2005 certified

Mark of Origin Coffee Kenya

Rainforest Alliance Certification

FLO CERT Certification

C.A.F.E. Practices

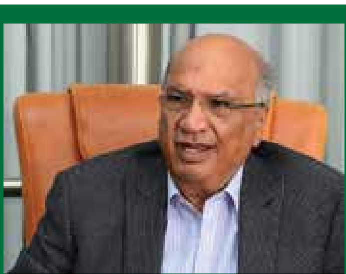
Better farming Better future

Sasini PLC

BOARD OF DIRECTORS

Dr. James Boyd McFie, Phd
Chairman - *Non Executive Director*

Dr. McFie is the Chairman of the Board of Directors. He holds a PhD in Accounting from the University of Strathclyde and Masters of Mathematics from Oxford University. He is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). Dr. McFie is a lecturer in Financial Reporting and Forensic Accounting at Strathmore University. Between 1993 and 2002 he was a Director of the Kenya Capital Markets Authority, a member of the Kenya Added Tax Tribunal and a Trustee of the Kenya Corporate Governance Trust and of Jitegemee Trust. He is also a director of The Standard Group Limited. He was the Training Manager in Ernst and Young and a member of Education and Training Committee of ICPAK. Dr. McFie joined the Board on 30 August 2007.



Dr. Naushad Noorali Merali
Non Executive Director

Dr. Naushad N. Merali was awarded a doctorate degree (Honoris Causa) in Business Leadership by Kabarak University in 2015. He is an astute businessman and the Chairman and founder of the Sameer Group of Companies. The Sameer Group of Companies is a leading conglomerate in Kenya (and has a regional presence in East Africa) with interests in Agriculture and Agribusiness (Sasini PLC and Sameer Agriculture & Livestock (Kenya) Ltd), Trading and Commerce (Sameer Africa PLC and Eveready East Africa PLC), Construction and Engineering (Warren Enterprises Limited), Financial Services (Spire Bank Ltd and Spire Insurance Brokers Ltd), Commercial and Leasing (Ryce East Africa Ltd and Yansam East Africa Ltd), EPZs (Sasini EPZ Ltd, Sameer EPZ Ltd and Sameer Industrial Park Ltd), Energy and Real Estate (Sameer Business Park is an ultra-modern building comprising five units totalling more than 500,000sq. ft. of built up area in show rooms and offices as well as Rivaan Centre, Westlands with lettable area of 72,000 sq. ft. in offices, showrooms and restaurants).

Dr. Merali has also served on various Presidential Committees relating to trade and social services and was a member of the National Economic and Social Council. He is a Board Trustee Member of the National Cancer Institute of Kenya. Owing to his contribution to the development and economic growth of Kenya, Dr. Merali has been honoured twice with Presidential national awards. He has been awarded the honour of the highly coveted national award of the Chief of the Order of the Burning Spear (CBS) and Elder of the Burning Spear (EBS). Dr. Merali has been a Director of Sasini PLC since 6 June 1989.

Mr. Akif Hamid Butt
Non Executive Director

Mr. A. H. Butt is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant of Kenya (CPA) and has a wealth of experience, acquired over time, in financial management, corporate planning and strategic management. He previously worked with PricewaterhouseCoopers (PWC) in Kenya and the East Africa Region, Liberia and England. He joined the Sameer Group in 1989 and is currently the Group's Finance Director. He represents the interest of the Sameer Group on the boards of various companies. Mr. Butt is also a Director of Sameer Africa Ltd and Eveready East Africa PLC, which are quoted on the Nairobi Securities Exchange. He was appointed to the Board of Sasini PLC on 1 May 1990.

Mr. Sameer N. Merali
Non Executive Director

Mr. S. N. Merali holds a Master of Science degree in Banking and International Finance from City University Business School, London and Bachelor of Science in Management Sciences from Kings College, London. Mr. Merali initially worked with Merrill Lynch International Bank Limited in the United Kingdom as an Investment Analyst between October 2000 and February 2003. He joined Sameer Investments Limited in March 2003 and now serves as the Chief Executive Officer of that company. He is the Chairman of Ryce East Africa Limited, Nandi Tea Estates Ltd and Warren Enterprises Ltd. He is a Director of Sameer Africa PLC, a company listed on the Nairobi Securities Exchange Ltd. He is also a Director of Sameer ICT Ltd, Sameer Telkom Ltd and Fidelity Shield Insurance Company Ltd among others. Mr. Merali has extensive experience in strategic leadership, business initiation and development, corporate management, audit and risk management as well as prudent financial management and planning. He joined the Board of Sasini PLC on 26 May 2006.

Sasini PLC

BOARD OF DIRECTORS

Dr. Steve Omenge Mainda, PhD
Independent Non Executive

Dr. S. O. Mainda was awarded a Doctorate Degree (Honoris Causa) in Strategic Management by Makerere University in 2013. Dr. Mainda is a Fellow of the Institute of Directors of London and holds M.A and B.A Degrees from the Universities of Princeton and Cambridge. He is a member of the Chartered Institute of Insurance. Dr Mainda has a wealth of experience in Finance, Insurance, Strategic Management and Education. He is currently the Chairman of HF Group PLC which is also listed on the Nairobi Securities Exchange. He holds Directorship in Ryce East Africa Ltd (a member of the Sameer Group of Companies), KK Security Group, Leisure Lodge Resort, ABC Capital among others. He joined the Board on the 21 September 2012.

Mr. Stephen Maina Githiga
Executive, Outgoing Group Managing Director

Mr. Stephen Maina Githiga was appointed as Group Managing Director of Sasini PLC in January 2017. He holds a Master in Business Administration and a Bachelor of Science (Statistics), both from the University of Nairobi. He is also a Certified Public Accountant (CPA K) and member of the Institute of Public Accountants of Kenya (ICPAK). Mr. Githiga has over 25 years of experience in a variety of roles including: serving as a senior external auditor in Deloitte and Touche, Finance Manager in Lonrho (PLC) group, General Manager in Lonrho Motors East Africa, and Managing Director of First Assurance Company Limited, where he succeeded to turn around the company and complete a joint venture transaction with Barclays of Africa, who acquired 63.3% of First Assurance Co. Ltd.

Mr. Githiga has served the board of Kiru Tea Factory; was a former director of Sameer Africa PLC and Ryce East Africa Limited, a Board member of First Assurance (TZ) Ltd, and Kiria-ini Mission Hospital among others.

Mr. Githiga is retiring from his position in the Group effective 31 December 2018.

Mrs. Betty Koech
Independent Non-Executive Director

Mrs. Betty Koech holds a Master of Business Administration (MBA) degree from Moi University, a Bachelor of Commerce degree from the University of Nairobi and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK).

Mrs Koech worked at G4S Kenya as the Sales and Marketing Director and previously held the post of Marketing Manager at Unilever Kenya. She is a Member of the Board of Directors of Sunshine Secondary Education Limited where she serves in the Finance & Procurement Committee and the Human Resource Board Committee in the same Institution. She has extensive experience in Marketing, Strategic Management, Leadership and Coaching. She is a Director and Associate of the Lead Catalyst Group Limited. She is also the Managing Director and Consultant at SALMAS Limited.

Mrs. Rosemary Munyiri
Independent Non-Executive Director

Mrs. Rosemary Munyiri holds a Master of Accountancy degree from Bowling Green State University- Ohio, United States of America, and a Bachelor of Commerce (Accounting) degree from the University of Nairobi. She is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a Certified Information Systems Auditor and a Member of the Information Systems Audit and Control Association (ISACA).

Mrs. Munyiri has previously worked for East African Breweries Limited in various capacities which include: The Group Financial Planning and Reporting Manager, the Group Controls Compliance and Ethics Manager, the Manager – Group Audit and Risk and as a Consultant – Group Audit and Risk. She has also worked as a Global Audit and Risk Manager at Diageo PLC, the Head of Internal Audit at Farmers' Choice Limited, a Staff Accountant at Plante & Moran PLLC, USA, and an Audit Manager at Wanyeki & Co. Associates, CPA – Nairobi. She is a Financial Planning and Reporting Manager with Central Glass Industries.

She has a wealth of experience in Audit and Risk Management as well as in Financial Planning and Analysis.

SENIOR MANAGEMENT TEAM

Dr. Samuel Kanga Odalo, DBA,
Ag. Group Managing Director and Group Financial Controller

Dr. Samuel has over 29 years experience in Finance, Accounting and Audit. Prior to joining Sasini PLC, he held various senior Finance and Accounting positions in Agribusiness Industry. He holds a Doctorate degree in business administration (Finance) from United States International University (USIU), a Global Executive Masters of Business Administration (MBA) in partnership with Columbia Business School in New York, Bachelor of Science in Business Administration (Accounting) (Hons) from USIU, Certified Public Accountant (CPA K), Member of Institute of Certified Public Accountants of Kenya (ICPAK). Joined the group in 1998 and appointed to the position of Group Financial Controller in July 2009.

Dr. Samuel assumes the role of acting Group Managing Director effective 1 October 2018.

Mr. Lawrence Kibet
Company Secretary

Mr. Kibet holds a Master of Business Administration degree in operations management, (MBA.) from the University of Nairobi. He also holds a Bachelor of Commerce (BCom. Hons.) Finance major, and Bachelor of Laws degrees from the University of Nairobi. He is currently pursuing a Master of Public Policy and Management degree at the Strathmore Business School, Strathmore University. He has also attended various professional management and corporate governance capacity building courses.

He is a Certified Public Accountant (CPA (K)) and a Certified Public Secretary (CPS (K)). Mr Kibet is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries (ICPSK) and Investor relations society (UK). Mr Kibet has over 15 years' experience in Company secretarial practice, corporate governance, policy management and investor relations. He has been involved in several Capital Markets transactions over the last ten years.

Ms. Priscah Muthoni Keah
Head of Human Resources & Administration

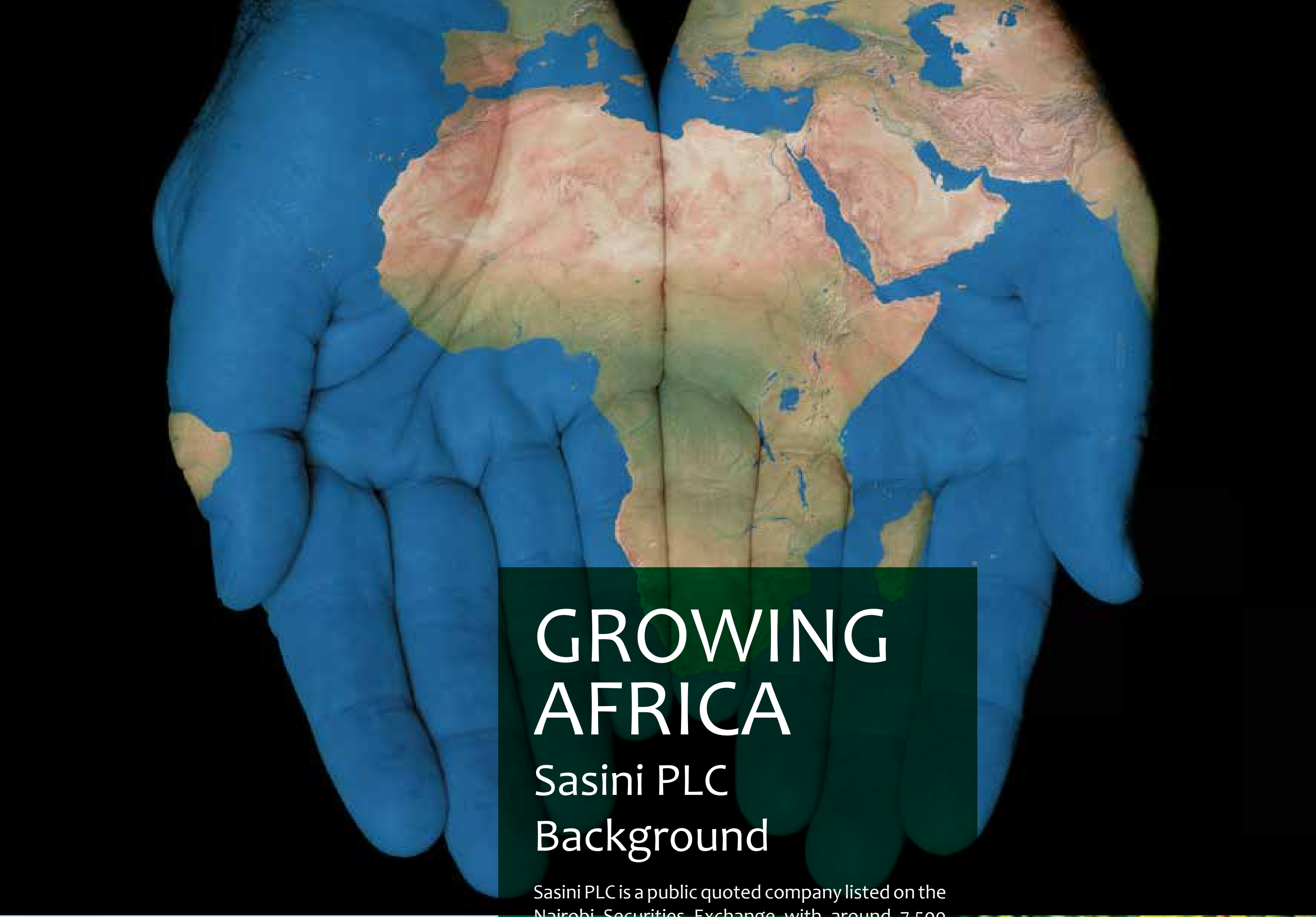
Ms. Priscah has over 15 years experience in Human Resource Management. Prior to joining Sasini PLC., she held various Senior Human Resources Management positions in Agribusiness and Manufacturing Industries. Holds Masters of Business Administration (MBA) in Human Resources Management, Bachelor of Science (BSc.) (Mathematics) (Hons), Post Graduate Diploma in Human Resources Management and is a Member of the Institute of Human Resources Management (IHRM). Appointed to the position in July 2010.

Mr. Shashidhar Menon
Managing Director, Kipkebe Limited (Tea Operations)

Mr. Shashidhar has vast experience of over 36 years in managing tea estates & factories in India and Kenya. Prior to joining Sasini PLC, he held senior positions with Goodricke Group Ltd, India (a member of Camellia plc, UK) on their tea plantations, where he worked for 18 years. Holds a Bachelor of Arts degree from the Madras Christian College, India. Appointed Managing Director, Kipkebe Ltd (a wholly owned subsidiary of Sasini PLC) in December 2014. Prior to this, he was the General Manager, Kipkebe Ltd from January 2000 and Deputy General Manager for 1 year.

Mr. James Muriithi Kieu
General Manager, Sasini PLC. (Coffee Operations)

Mr. James has vast experience of over 24 years in Managing Coffee and Tea Estates & Factories. Prior to joining Sasini PLC, he held senior positions within the Neumann Kaffee Gruppe managing coffee and tea estates & factories both at local and International levels. Holds a Diploma in Agricultural Engineering from Jomo Kenyatta University of Agriculture and Technology among other management and leadership courses. Appointed General Manager, Coffee Operations in February 2004.

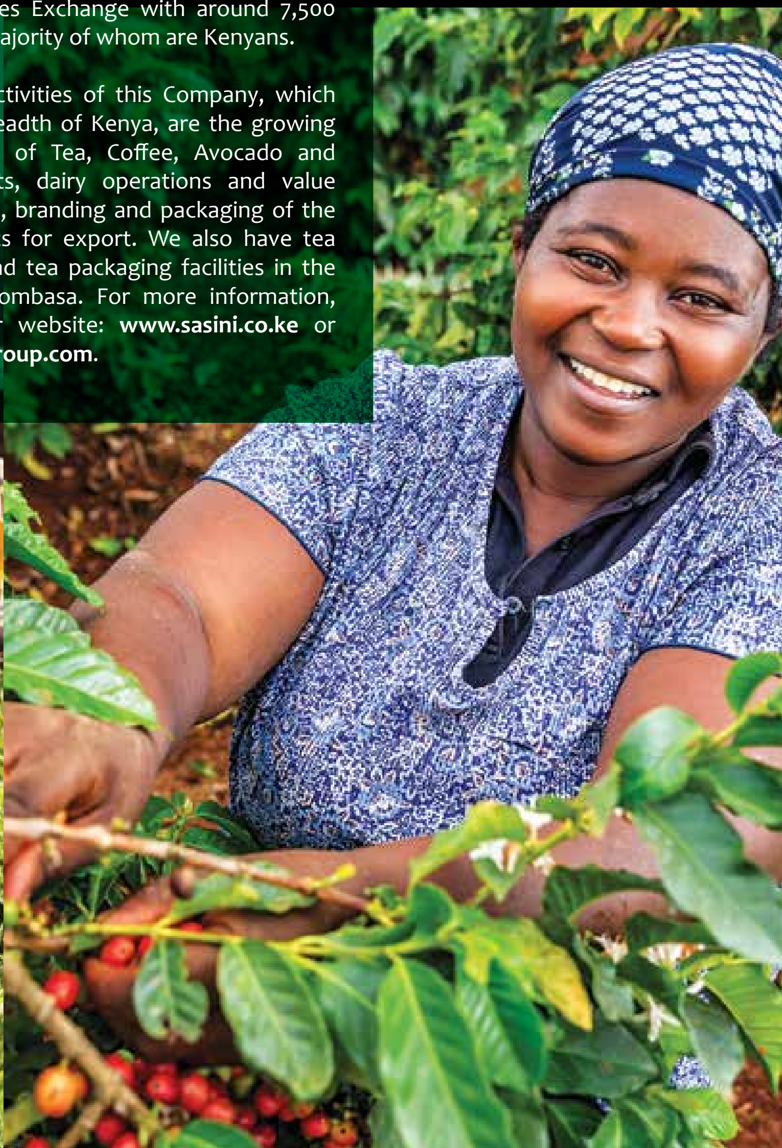


GROWING AFRICA

Sasini PLC Background

Sasini PLC is a public quoted company listed on the Nairobi Securities Exchange with around 7,500 shareholders, majority of whom are Kenyans.

The principal activities of this Company, which straddle the breadth of Kenya, are the growing and processing of Tea, Coffee, Avocado and Macadamia nuts, dairy operations and value addition, that is, branding and packaging of the related products for export. We also have tea warehousing and tea packaging facilities in the port city of Mombasa. For more information, kindly visit our website: **www.sasini.co.ke** or **www.sameer-group.com**.



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SEVENTH (67th) ANNUAL GENERAL MEETING of the Company will be held at **Kamundu Estate, Kiambu, on Friday, 8th March 2019 at 11.00 a.m.** to conduct the following business:

Ordinary business

1. To table the proxies and note the presence of a quorum.

2. To read the Notice convening the meeting.

3. To consider and if approved, adopt the Company's audited financial statements for the year ended 30 September 2018, together with the Chairman's, Directors' and Auditors' Reports thereon.

4. To confirm the first interim dividend of 50% paid on 16 July 2018 to shareholders on the register of members as at close of business on 2 June 2018 and the second interim dividend of 50% payable on or about 31 January 2019 to shareholders on the register of members as at close of business on 7 January 2019.

5. To approve payment of Directors' fees for the year ended 30 September 2018.

6. Auditors: To note that Messrs KPMG Kenya continue in office as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorize the Directors to fix the Auditors' remuneration for the ensuing financial year.

7. To elect Directors:

   (a) Dr James McFie, who retires at this meeting in accordance with the provisions of Articles 94 and 95 of the Company's Articles of Association and Clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. Special notice is hereby given pursuant to Section 287 of the Companies Act, 2015, that notice has been received of the intention to propose the following Resolution as an Ordinary Resolution at the 2018 Annual General meeting:

   'That Dr James McFie who has attained the age of 70 years, be and is hereby re-elected a Director of the Company until he comes up for retirement by rotation.'

   (b) Mr. Sameer Merali, a Director retiring by rotation in accordance with Articles 94 and 95 of the Articles of Association of the Company and being eligible, offers himself for re-election.

8. In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:

   (i) Mrs. Betty Koech
   (ii) Mrs. Rosemary Munyiri
   (iii) Mr. Sameer Merali
   (iv) Dr. James McFie

9. To consider any other business for which due notice has been given.

BY ORDER OF THE BOARD

LAWRENCE KIBET, CPS (K)
COMPANY SECRETARY

Date: 19 December 2018

Notes

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company.
2. To be valid, the Proxy Form, must be duly completed by a member and must either be lodged at the registered offices of the Company's shares registrar firm, Image Registrars Limited, Barclays Plaza 5th Floor, Loita Street, P.O. Box 9287, 00100 GPO, Nairobi or be posted, or scanned and emailed to info@image.co.ke in PDF format; so as to reach Image Registrars not later than Wednesday, 6 March 2019 at 11.00 a.m.
3. In the case of a member being a limited Company, the Proxy Form must be completed under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
4. The proxy form can be downloaded from the company's website: **www.sasini.co.ke**

ILANI YA MKUTANO MKUU WA KILA MWAKA

ILANI INATOLEWA HAPA KUWA MKUTANO MKUU WA KILA MWAKA WA SITINI NA SABA (67) wa kampuni utafanyika katika shamba la Kamundu, Kiambu, siku ya Ijumaa tarehe 8 Machi mwaka 2019 saa tano asubuhi kuendesha shughuli zifuatazo:

Shughuli za Kawaida:

1. Kuwasilisha majina ya wakala na kutambua uwepo wa idadi ya kutosha kuendesha mkutano.

2. Kusoma Ilani ya Kuitisha mkutano.

3. Kufikiria na ikiidhinishwa, kuzikubali taarifa zilizokaguliwa za kifedha za Kampuni za mwaka ulioishia tarehe 30 Septemba 2018, pamoja na ripoti za mwenyekiti, wakurugenzi na wahasibu.

4. Kuthibitisha mgao wa kwanza wa asilimia 50 uliolipwa tarehe 16 Julai 2018 kwa wanahisa kwenye rejista la wanachama kufikia mwisho wa biashara tarehe 2 Juni 2018 na mgao wa pili wa muda wa asilimia 50 utakaolipwa kufikia tarehe 31 Januari 2019 au karibu na tarehe hiyo kwa wanahisa kwenye rejista la wanachama kufikia mwisho wa biashara tarehe 7 Januari 2019.

5. Kuidhinisha kulipa malipo ya wakurugenzi ya mwaka unaoishia na tarehe 30 Septemba 2018.

6. Wahasibu: Kutambua kuwa KPMG Kenya wataendelea afisini kama wahasibu kulingana na sehemu 721 (2) ya Sheria ya Makampuni mwaka 2015 na kuidhinisha wakurugenzi kuamua malipo ya wahasibu ya mwaka wa kifedha unaofuata.

7. Kuchagua Wakurugenzi:

   (a) Dkt. James McFie, ambaye anastaafu katika mkutano huu kulingana na maelekezo ya vifungu 94 na 95 vya Kanuni za Ushiriki wa Kampuni na sharti la 2.5 la Mwongozo wa utendaji wa uongozi wa Kampuni kwa watoaji wa hisa kwa umma mwaka 2015. Ilani maalum inatolewa hapa kufuatana na sehemu 287 ya Sheria za Makampuni mwaka 2015, kuwa Ilani imepokelewa ya nia ya kupendekeza azimio linalofuata kama azimio la kawaida katika mkutano mkuu wa kila mwaka wa mwaka wa 2018.

   'Kuwa Dkt. James McFie ambaye amefikisha umri wa miaka 70, awe na hapa anachaguliwa tena Mkurugenzi wa Kampuni mpaka atakapokuja tena kustaafu kwa zamu.'

   (b) Bwana Sameer Merali, Mkurugenzi anayestaafu kwa zamu kulingana na vifungu 94 na 95 vya Kanuni za Ushiriki wa Kampuni na kwa kuwa anastahili, anajitolea kuchaguliwa tena.

8. Kulingana na maelekezo ya sehemu 769 ya Sheria ya Makampuni mwaka 2015, wakurugenzi wafuatao, wakiwa ni wanachama wa Kamati ya Uhasibu, Hatari na Ukubalifu ya Halmashauri wachaguliwe kuendelea kufanya kazi kama wanachama wa kamati Iliyotajwa:

   (a) Bibi Betty Koech.
   (b) Bibi Rosemary Munyiri
   (c) Bwana Sameer Merali.
   (d) Dkt. James McFie.

9. Kushughulikia mambo mengine yoyote ambayo ilani ya kutosha umetolewa.

Kwa Amri ya Halmashauri

Lawrence Kibet, CPS (K)
Tarehe 19 Desemba 2018

Maelezo:

1. Mwanachama aliye na haki ya kuhudhuria na kupiga kura ana haki ya kuteua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake na sio lazima mwakilishi awe mwanachama wa Kampuni.
2. Ili iwe halali, fomu ya Uwakilishi ni lazima ijazwe na mwanachama na inapasa kutumwa kwa posta kwa wasajili wa hisa wa Kampuni, Image Registrars Limited kwa SLP 9287, 00100 Nairobi au kwa mkono katika afiza zao zilizoko jumba la Barclays Plaza, orofa ya 5, Loita Street, Nairobi, au kutolewa nakala na kutumwa kwa barua pepe kwa info@image.co.ke kwa umbo la PDF, ili kufika kabla ya Jumatano, 6 Machi 2019 saa 5 asubuhi.
3. Iwapo mwanachama ni kampuni ya dhima yenye kikomo, hii fomu ni lazima ijazwe chini ya nembo yake au mbele ya afisa au wakili ambaye ataidhinishwa kwa maandishi.
4. Fomu ya Uwakilishi inapatikana kwenye tovuti ya kampuni **www.sasini.co.ke**

CHAIRMAN'S STATEMENT

BUSINESS ENVIRONMENT
GROUP FINANCIAL RESULTS
Overview

The Group's performance for the financial year ended 30 September 2018 was encouraging compared to the prior year, despite the drop in turnover. The Group recorded a turnover of KShs 3.5 billion compared to KShs 4.2 billion in the previous year (a drop of 16%). The cost of production dropped by a similar margin.

The year started on a low key in the wake of labour strike within the tea industry in the month of October 2017, which incidentally is the first month in our financial year and resulted in a drop in the quality of tea and prices.

The coffee division endured a difficult season; extreme cold weather persisted for several months in Kiambu and Nyeri. The unfavourable weather affected the quality and prices of the coffee compared to earlier years.

Avocado sea shipments were affected by the delay occasioned by changes and congestion at the port of Mombasa in the months of May and June 2018, resulting in increased costs and a decline in the quality of these perishable goods.

Tea production during the year declined to 10,804 tonnes of made tea against 11,209 tonnes achieved in the previous year (a drop of 3.6%): the labour strike was followed by poor rainfall in the months of January and February, which further affected tea production. Our coffee estates produced 891 tonnes of coffee, a marginal improvement from 851 tonnes produced in the previous year. Although both the tea and coffee markets remained buoyant in the first half of the year, price realizations declined steadily thereafter affecting our profitability. Mombasa tea auction prices dropped to very low levels, while global coffee prices reflected at the New York exchange dipped to as low as US cents 97.3 per pound, which is the lowest level since 2004 when it was at US cents 90 per pound.

The cost of labour has also continued to rise as the labour unions continue to demand higher wages. The average price realized for tea marginally increased to USD 2.03/kg compared to USD 2.00/kg in the previous financial year. The average price realized for coffee was USD 4.29/kg compared to USD 5.17/kg in the previous year.

In spite of these changes in the business environment, the Group recorded a total operating income of KShs 1.2 billion for the year, similar to the previous year. The boost in income is attributed to the disposal of non-performing assets in the export division in Mombasa. Interest income from fixed deposits dropped in line with the drop in interest rates.

The overall net profit for the year is KShs 293.5 million against the previous year's net profit of KShs. 339.4 million (a drop of 13.5%).

The macadamia plant is virtually complete and commercial processing is slated for January 2019. The outlook remains very optimistic for the business when the season opens and when shipments to buyers overseas begin. Most of the production of the kernel will be destined for the United States of America and Asia.

As always, we maintain that the Board's collective resolve is to remain committed to enhancing shareholder value by continuously reviewing operating procedures, mitigating risks, innovation and sound technological interventions to ensure the business remains sustainable.

Cost of Doing Business

The company endured a difficult time in the year under review arising out of extraneous factors which have significantly impacted business adversely and I would like to comment on the few that have or will particularly exacerbate the business environment.

Collective Bargaining Agreements (CBAs) with Kenya Plantations and Agricultural Workers Union (KPAWU) and its impact on the Cost of Production

The tea and coffee industries' wage negotiations take place every two years. As mentioned in my statement for the previous year, the CBA for the coffee Industry covering 2015 and 2016, 2017 and 2018 were successfully concluded and registered in September 2017. The CBA for the tea industry for 2014-2015 has not yet been concluded as it is yet to be signed and registered. The tea plantation workers' union, Kenya Plantations and Agricultural Workers' Union (KPAWU) demanded an increase of workers' salary by 30%, which is way above national rates of inflation. The Kenya Tea Growers Association (KTGA) members challenged an industrial court ruling awarding the increase and proposed at its negotiations with the union a 15% raise broken down to 7% for 2014, and 8% for 2015. The matter went to the court of appeal, which upheld the proposal of KTGA and increased the required productivity rates. The Union appealed the determination and or inclusion of the productivity clause; however, the Court of Appeal has upheld the ruling. This will now set the way for negotiations on the CBAs for 2016 - 2017 and 2018 – 2019. This continued demand for higher wages has had the effect of escalating our cost of production which is gradually spiraling beyond sustainable levels. The demand by the Union is taking away our control of the cost of production. This has compelled the company to consider alternative options of managing cost using technology.

Rising cost of fuel

The introduction of Value Added Tax (VAT) on fuel products saw oil prices rise in the month of September 2018 and along with this, a rise in inflation to 5.7% from 4.04% for the previous month of August 2018. Although the very latest forecasts indicate a drop in world oil prices, we have to wait to see what actually transpires. The International Monetary Fund (IMF) has stated that the Kenya shilling is overvalued, but the local currency has maintained its ground and shown resilience despite this contrary view. As a result, exporters are not earning as much as they could if there was a fall in the value of the shilling; the same position prevails in the tourist industry.

CHAIRMAN'S STATEMENT (CONTINUED)

Impact of the Finance Act 2018

After the President assented to the Finance Act 2018 on 21 September 2018, some sections thereof have been received with mixed reactions. The changes are likely to lead to increases in prices of various basic commodities, namely the cost of transport, electricity, food, communication and telephone services. Some effective dates of application are backdated which makes implementation difficult. The rulings on the legality of the effective dates may render collection of backdated taxes unconstitutional.

Outlined below are some of the changes that directly and indirectly affect our industry:

— Compensating taxes at 30% on dividends paid out of untaxed (exempt) profits will increase effective tax rates of the Group through double taxation;
— Withholding tax on demurrages at 20% will increase the cost of transport;
— The 8% VAT on petroleum products will increase the cost of transport;
— Employer contributions of 1.5% of staff salary to the National Housing Development Fund will be an additional cost of employing personnel;
— Additional tax deduction of 30% of electricity cost incurred by manufacturers may reduce the cost of production;
— Increase in excise duty on services (telephone, internet, and money transfer) will increase operating expenses; and
— Scrapping the minimum rate of interest earned on customer deposits by banks will reduce earnings.

SOCIAL RESPONSIBILITIES

Education/Social Welfare

We recognize and appreciate that education is an important investment that we can make in the lives of our staff and the surrounding communities. The Group has constructed four primary schools and one secondary school within the tea plantations and also supported schools around our coffee operations.

The tea division maintains nursery and primary schools providing free education to the children of employees, dependents and the surrounding communities. By ensuring all children of school going age are in school, we support our strict code of not using child labour in both our tea and coffee operations.

We also support education through bursaries, and stipends and by providing funds to establish and improve schools near our plantations. Provision of resources such as computers, laboratory equipment, sports kits and basic learning materials to primary schools and the giving of shoes, mathematics sets and story books to primary school going children is occasionally done to motivate these learners.

We also ensure that we provide preschool opportunities for the younger children and in this regard we have established six day-care centers in our tea estates where toddlers are kept busy and fed on a daily basis as their parents work.

The Magura Mixed Secondary School in our tea division was officially opened by the First Lady, Her Excellency Mrs. Margaret Kenyatta on 10 May 2018.

Besides these educational facilities, the Group provides social and welfare amenities to all our current population of permanent and seasonal employees of about 4,500 along with over 15,000 of their dependents living within the estates.

Health

The Group maintains a well-equipped Medical Centre with in-patient and outpatient treatment options within the tea plantations. It also maintains three satellite dispensaries with well-trained medical personnel and a diagnostic laboratory. The facilities also have ambulances on standby in the event that critical cases need to be transported to larger health facilities. These facilities cater for both the company employees and local community residents.

Smallholder Farmers and Community

The annual farmers' day was held in December 2018 at our Kamundu Estate, in Kiambu. In the usual custom, our out-grower farmers were sensitized on financial literacy, sustainable farming techniques and technological interventions in the growing of coffee, macadamia nut and avocado trees as well as new investment options.

Farmers who had implemented the acquired skills successfully resulting in higher yields and a better crop from their farms were awarded attractive prizes and trophies. We also avail tea, coffee, macadamia, avocado and tree seedlings to the surrounding community, as well as fertilizers to our out-growers.

We provide employment to the local community, and internships and attachments to university and college students from the surrounding community.

Ecosystem Conservation

Through the Rainforest Alliance certification, both our tea and coffee operations have comprehensively addressed the environmental, social and economic challenges faced by our own tea and coffee estates, out grower farms and the surrounding communities. The Group has a well-established ecosystem conservation programme with supporting policies that protect the ravines, production areas, and all habitat areas.

LOOKING AHEAD

Effective 2018, we started automated tea harvesting with the initial introduction of ten tea plucking machines. The number is to be enhanced and the programme will be implemented gradually in phases to run concurrently with the manual tea plucking, complementing one another. The relevant workforce has been trained in the handling and operating of the machines.

We are focused on aligning all our current and new initiatives with goals envisaged in the Kenya Vision 2030.

We are exploring ways of enhancing both quality and quantity. For our performance and results to show marked improvement, our produce must fetch premium prices. Additionally, we need tidy and fair market prices, reasonable management and control of our costs of production.

Acknowledgement

I extend my deep gratitude to the board members, management and staff of Sasini. On behalf of the Board, I wish to sincerely acknowledge and thank our esteemed shareholders and partners for their unwavering support during the year. I want to assure you all of our commitment in growing the shareholders' wealth in the company and ensuring your investment remains secure.

Dr. J.B. McFie, PhD
Chairman
19 December 2018

TAARIFA YA MWENYEKITI

MAZINGIRA YA UCHUMI NA BIASHARA

Mtazamo wa Kijumla

Utendaji wa Kundi wa mwaka wa kifedha ulioishia na tarehe 30 Septemba 2018 unatia moyo ukilinganishwa na mwaka uliotangulia, licha ya kupungua kwa mapato na matumizi. Mwaka ulirekodi mapato na matumizi ya Ksh. Bilioni 3.5 ikilinganishwa na Ksh. Bilioni 4.2 katika mwaka uliopita (upungufu wa asilimia 16). Gharama ya uzalishaji ilipungua kwa kiwango hichohicho.

Mwaka ulianza polepole kukiwa na mgomo wa wafanyakazi katika biashara ya majani chai mwezi wa Oktoba, ambao kwa kawaida ndio mwezi wa kwanza katika mwaka wetu wa kifedha na ulisababisha anguko katika ubora wa majani chai na bei.

Kitengo chetu cha kahawa kilipitia msimu mgumu; hali mbaya sana za anga ziliendelea kwa miezi kadhaa Kiambu na Nyeri. Hali mbaya za anga ziliathiri ubora na bei za kahawa ikilinganishwa na miaka ya awali.

Usafirishaji wetu wa parachichi kwa bahari uliathiriwa na uchelewaji uliotokana na mabadiliko na msongamano katika Bandari ya Mombasa katika miezi ya Mei na Juni mwaka 2018, ikisababisha kuongezeka kwa gharama na kushuka katika ubora wa bidhaa hizi zinazoharibika.

Kwa hivyo, uzalishaji wa majani chai katika mwaka ulipungua kwa tani 10,804 za majani chai yaliyotengenezwa ikilinganishwa na tani 11,208 zilizopatikana katika mwaka uliopita (anguko la asilimia 3.6): mgomo wa wafanyikazi ulifuatwa na mvua iliopungua katika miezi ya Januari na Februari, ambayo zaidi iliathiri uzalishaji wa majani chai. Mashamba yetu ya kahawa yalizalisha tani 891 za kahawa, ongezeko dogo katika tani 851 zilizozalishwa mwaka uliotangulia. Ijapokuwa masoko yote mawili ya majani chai na kahawa yalibakia mazuri katika nusu ya kwanza ya mwaka, bei zilizopatikana zilipungua kwa muda na hivyo ikiathiri faida yetu. Bei za Majani chai katika mnada wa Mombasa zilianguka kuwa viwango vya chini sana, hali bei za kilimwengu za kahawa zilizokuwepo katika soko la ubadilishaji la New York zilianguka kuwa za chini sana hadi senti za USD 97.3 kwa kila paundi, ambayo ni ya kiwango cha chini kabisa kutokea mwakka 2004 wakati ilipokuwa senti za USD 90 kwa paundi.

Gharama za nguvukazi pia zimeendelea kuongezeka wakati vyama vya wafanyikazi vikidai mishahara ya juu zaidi. Bei ya wastani iliyopatikana ya majani chai iliongezeka kidogo kuwa USD 2.03 kwa kilo ikilinganishwa na USD 2.00 kwa kilo katika mwaka uliotangulia. Bei ya wastani iliyopatikana ya kahawa ilikuwa USD 4.29 kwa kilo ikilinganishwa na USD 5.17 kwa kilo katika mwaka uliopita.

Licha ya mabadiliko haya katika mazingira ya biashara, Kundi lilipata jumla ya pato la kuendeshea kazi la Ksh. Bilioni 1.1 kwa mwaka huo, sawa na mwaka uliotangulia. Ongezeko katika pato linatokana na uuzaji wa mali isiyolipa katika kitengo cha bidhaa nje mjini Mombasa. Mapato ya riba kutoka amana za kudumu yalianguka kufuatana na kushuka kwa viwango vya riba.

Jumla ya faida halisi ya mwaka ni Ksh. milioni 293.523 dhidi ya faida halisi ya mwaka uliopita ya Ksh. milioni 339.407 (punguo la asilimia 13.5).

Mtambo wa Makadamia kwa kweli ni kama umekamilika tayari na utengenezaji wa kibiashara umepangiwa kuanza Januari 2019, matarajio yanabakia mazuri sana ya biashara msimu unapoanza na upakiaji wa shehena utakapoanza kwa wanunuzi ughaibuni. Utengenezaji karibu wote wa kiini cha makadamia utakuwa wa kupelekwa Marekani na Asia.

Kama kawaida tunashikilia kuwa azimio la pamoja la Halmashauri ni kubakia kuahidi kuendeleza thamani ya mwanahisa.Kwa kuendelea kupitia taratibu za kuendeshea utendaji, kupunguza hatari, uvumbuzi mpya na njia madhubuti za kiteknolojia kuhakikisha kuwa biashara inabakia endelevu.

Gharama ya Kuendesha Biashara

Kampuni yenu ilivumilia wakati mgumu katika mwaka unaorejelewa kutokana na vipengele vya nje ambavyo vimeathiri biashara vibaya kwa kiasi kikuu na ningependa kutoa maoni kuhusu vichache ambavyo vitakuwa au hasa vitazidisha mazingira ya biashara.

Mikataba ya Mapatano ya Pamoja na Chama cha Wafanyikazi wa Mashamba na Kilimo wa Kenya na Athari zake katika Gharama za Uzalishaji

Mapatano ya mishahara ya viwanda vya majani chai na kahawa hufanyika kila baada ya miaka miwili. Kama ilivyotajwa katika taarifa yangu ya mwaka uliotangulia, mkataba wa mapatano ya pamoja wa biashara ya kahawa wa mwaka 2015 na 2016, 2017 na 2018 ilikamilishwa kwa ufaulu,na kusajiliwa mwezi Septemba mwaka 2017.Mkataba wa mapatano ya pamoja wa biashara ya majani chai wa mwaka 2014-2015 haujakamilishwa kwa vile bado haujatiwa sahihi na kusajiliwa.

Muungano wa wafanyikazi wa mashamba ya chai,Muungano wa wafanyikazi wa Mashamba na Kilimo Kenya walidai ongezeko la mshahara wa wafanyikazi la asilimia 30, ambalo ni juu sana ya viwango vya kitaifa vya mfumko wa bei. Wanachama wa Chama cha Wapanzi wa Majani chai wa Kenya walipinga uamuzi wa mahakama ya kibiashara wa kuwapa ongezeko hilo na kupendekeza katika mapatano yake na muungano nyongeza ya asilimia 15 itakayolipwa asilimia 7 katika 2014, na asilimia nane katika 2015. Jambo hili lilipelekwa mahakama ya rufaa, ambayo ilikubaliana na pendekezo la Chama cha Wapanzi wa Majani chai wa Kenya na kuongeza viwango vya uzalishaji vilivyohitajika. Muungano ulikata rufaa ya uamuzi wa na au kuongezwa kwa sharti la uzalishaji; hata hivyo, Mahakama ya Rufaa ilishikilia uamuzi huo. Hili sasa litaongoza namna mapatano ya mkataba wa maafikiano ya pamoja ya mwaka 2016-2017 na 2018-2019. Dai hili linaloendelea la mishahara ya juu limekuwa na athari ya kuongezeka kwa gharama zetu za uzalishaji ambazo polepole zinaongezeka kupita viwango vinavyoweza kuhimiliwa. Dai la Muungano linachukua udhibiti wetu wa gharama za uzalishaji. Hili limelazimisha kampuni kufikiria njia mbadala za kudhibitia gharama kwa kutumia teknolojia.

Gharama Zinazoongezeka za Fueli

Uanzishwaji wa kodi ya ongezeko la thamani kwenye bidhaa za fueli zilifanya bei za mafuta kuongezeka katika mwezi wa Septemba mwaka 2018 na pamoja na hili, ongezeko la mfumko wa bei wa asilimia 5.7 kutoka asilimia 4.04 wa mwezi uliotangulia wa Agosti 2018. Ijapokuwa tabiri za karibuni zaidi zinaashiria kushuka kwa bei za mafuta za kilimwengu, inabidi tungojee kuona kitachotokea hasa. Mfuko wa Fedha wa Kimataifa umesema kuwa shilingi ya Kenya imeongezwa thamani zaidi lakini fedha za nchini zimejisimamia na kuonyesha uthabiti dhidi ya mtazamo huu

TAARIFA YA MWENYEKITI (KUENDELEZA)

tofauti. Na matokeo yake,wauzaji bidhaa nje hawapati mapato mengi kama ambavyo wangepata kama kungekuwa na kupungua kwa thamani ya shilingi; hali sawa inaonekana katika biashara ya utalii.

Athari ya Sheria ya Fedha ya Mwaka 2018
Baada ya rais kuidhinisha Sheria ya Fedha ya mwaka 2018 tarehe 21 Septemba mwaka 2018, baadhi ya sehemu zake zimepata hisia mchanganyiko. Mabadiliko hayo yanaweza kusababisha ongezeko katika bei za bidhaa kadhaa za kimsingi, yaani gharama za usafiri, umeme, chakula, huduma za mawasiliano na simu. Baadhi ya tarehe za kuanza kwake zimerudishwa nyuma inayofanya utekelezi kuwa mgumu. Uamuzi wa uhalali wa tarehe za utekelezi wa tarehe za kutumika waweza kufanya ukusanyaji wa kodi za muda nyuma kuwa kukiuka Katiba. Hapa chini pameelezwa baadhi ya mabadiliko ambayo yanaathiri kampuni yetu kwa njia ya moja kwa moja na isiyo ya moja kwa moja:

— Kufidia kodi kwa asilimia 30 kwenye mgawo wa faida unaolipwa faida isiyotozwa kodi (ilioruhusiwa) itaongeza viwango vya kufaa vya kodi vya Kundi kupitia kutozwa kodi mara mbili.
— Kodi ya zuio ya fidia ya kuchelewa ya asilimia 20 itaongeza gharama za usafiri;
— Asilimia 8 ya kodi ya ongezeko la thamani kwenye bidhaa za mafuta pia itaongeza gharama za usafiri;
— Malipo ya lazima ya mwajiri ya asilimia 1.5 ya mshahara wa wafanyikazi kwa Mfuko wa Kitaifa wa Maendeleo ya Makazi yatakuwa gharama ya ziada ya kuandika wafanyikazi;
— Kutozwa kwa kodi ya ziada ya asilimia 30 ya gharama za umeme inayogharamiwa na watengenezaji inaweza kupunguza gharama za uzalishaji;
— Ongezeko katika kodi ya ushuru kwenye huduma (simu, mtandao na uhawilishaji pesa) litaongeza gharama za utendaji kazi; na
— Kuondoa kiwango cha chini cha riba inayopatikana katika amana ya mteja na mabenki kutapunguza mapato.

MAJUKUMU YA KIJAMII

Elimu/Ustawi wa Kijamii
Tunafahamu na kutambua kuwa elimu ni kitega uchumi muhimu ambacho tunaweza kuekeza katika maisha ya wafanyi kazi wetu na jamii zilizojirani. Kundi limejenga shule nne za msingi na moja ya sekondari katika mashamba ya majani chai na pia kusaidia shule karibu na mashamba yetu ya kahawa. Kitengo cha majani chai kinagharamia shule za chekechea na za msingi zikitoa elimu ya bure kwa watoto wa wafanyikazi,wanaowategemea na jamii za jirani.Kwa kuhakikisha watoto wote wa umri wa kwenda shule wapo shuleni, tunaunga mkono kanuni yetu kali ya kutotumia watoto wafanyikazi katika shughuli zetu zote za majani chai na kahawa.

Pia tunaunga mkono elimu kupitia misaada ya masomo na mishahara na kwa kutoa fedha kuanzisha na kuimarisha shule karibu na mashamba yetu. Utoaji wa msaada kama tarakilishi,vifaa vya maabara, vifaa vya michezo na vifaa vya kimsingi vya kujifunzia kwa shule za msingi na utoaji wa viatu, seti za hisabati na vitabu vya hadithi kwa watoto wanaokwenda shule za msingi unafanywa wakati fulani kuwamotisha wanafunzi hawa.

Tunahakikisha pia kuwa tunatoa nafasi za kabla kwenda shule kwa watoto wadogo na kwa hili tumeanzisha vituo sita vya utunzaji wa watoto katika mashamba yetu ya majani chai ambapo watoto wadogo wanashughulishwa na kulishwa kila siku wakati wazazi wao wakifanya kazi.
Shule ya Sekondari ya Mchanganyiko ya Magura katika kitengo chetu cha majani chai ilifunguliwa rasmi na Bibi wa kwanza wa Taifa Mheshimiwa Bibi Margaret Kenyatta tarehe 10 Mei mwaka 2018.

Mbali na msaada huu wa kielimu, kundi linatoa vistawishi vya kijamii na ustawi kwa idadi yetu yote ya wafanyikazi wa kudumu na wa muda ya karibu 4500 pamoja na wategemezi wao zaidi 15,000 wanaoishi katika mashamba hayo.

Afya
Kundi linadumisha Kituo cha Afya chenye vifaa vingi chenye uwezo wa matibabu ya kulazwa na ya nje katika mashamba ya majani chai. Pia linadumisha zahanati tatu za pambizoni zenye wafanyikazi wa matibabu waliofunzwa vyema na maabara ya kuchunguza na kubainisha ugonjwa.Vituo hivi pia vina ambulensi za kutegemeka kutakapokuwa na walio mahututi wanaohitaji kusafirishwa kwenye vituo vikubwa vya afya. Vituo hivi vinahudumia wote wafanyikazi wa kampuni na pia wanajamii wakazi wa eneo.

Wakulima Wadogo na Jamii
Siku ya wakulima ya kila mwaka ilisheherekewa mwezi Desemba 2018 katika shamba letu la Kamundu, Kiambu. Katika desturi ya kawaida wakulima wetu wapanzi wa nje walifahamishwa kuhusu maswala ya kifedha,mbinu za ukulima endelevu na za kiteknolojia katika ukuzaji wa kahawa, makadamia na miti ya parachichi na pia njia badalia za utegaji uchumi.

Wakulima ambao walitekeleza mbinu walizopata kwa ufaulu uliosababisha mazao mengi zaidi na bora kutoka kwa mashamba yao walipatiwa zawadi za kuvutia na kumbukumbu za ushindi. Pia tunatoa miche ya majani chai, kahawa, makadamia ,parachichi na miti kwa jamii jirani na pia mbolea kwa wapanzi wetu wa nje. Tunatoa kazi kwa jamii na ukufunzi na nafasi za ushikilizi kwa wanafunzi wa vyuo vikuu na vyuo vyengine kutoka maeneo jirani.

Uhifadhi wa Mfumo wa Ekolojia
Kupitia Uthibitisho wa Muungano wa Misitu ya Mvua shughuli zetu zote za majani chai na kahawa zimeshughulikia kwa ukamilifu changamoto za kimazingira, kijamii na kiuchumi zinazokabiliwa na mashamba yetu ya majani chai na kahawa, mashamba ya wapanzi chai nje na jamii jirani. Kundi lina mpango wa uhifadhi wa mazingira ya ekolojia ulioimarika wenye kuungwa mkono na sera zinazolinda mabonde, maeneo ya uzalishaji na maeneo yote ya mazingira.

TUKILENGA MBELE

Kutokea mwaka 2018, tulianzisha uvunaji wa majani chai kwa mashine ukianzwa mwanzo na mashine 10 za kuvunia majani chai.Idadi itaongezwa na mpango utatekelezwa taratibu kwa hatua ukienda sambamba na uvunaji wa majani chai kwa mkono, zikichangiana. Wafanyikazi husika wamefunzwa kutumia na kuziendesha mashine.

Tunalenga kufungamanisha jitihada zetu za sasa na mpya na malengo yanayowaziwa katika ruwaza ya mwaka 2030 ya Kenya.

Tunaangalia njia za kuongeza zote ubora na viwango. Kwa utendaji na matokeo yetu kuonyesha uimarikaji mzuri, mazao yetu lazima yapate bei ya thamani ya juu. Zaidi ya hivyo, tunahitaji bei za soko zilizopangwa vizuri na za haki, usimamizi na udhibiti wa maana wa gharama zetu za uzalishaji.

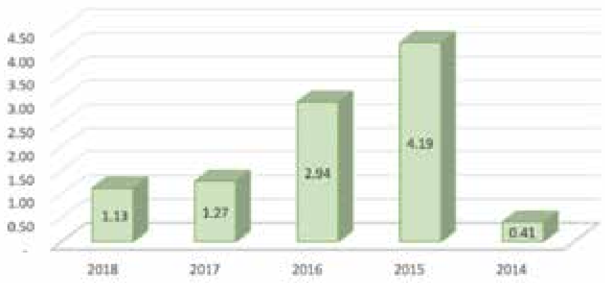
SHUKRANI

Natoa shukrani za dhati kwa wanachama wa halmashauri, usimamizi na wafanyikazi wa Sasini.Kwa niaba ya Halmashauri, napenda kutambua kwa ukweli na kushukuru wenye hisa wetu watukufu na wenzi kwa msaada wao usioyumba katika mwaka. Ninataka kuwahakikishia nyote kuhusu kujitolea kwetu kukuza mali ya wanahisa katika kampuni na kuhakikisha uekezaji wenu unabakia salama.

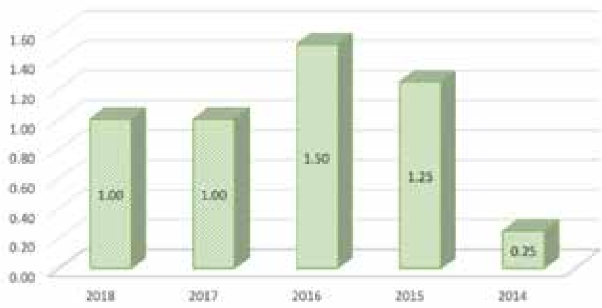
Dkt. J. B. McFie, PHD
Chairman
19 Desemba 2018

GRAPHICAL HIGHLIGHTS

EARNINGS PER SHARE ON OPERATING ACTIVITIES (KSHS)

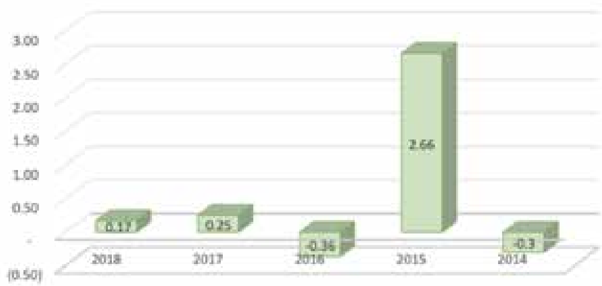


DIVIDEND PER SHARE (KSHS)

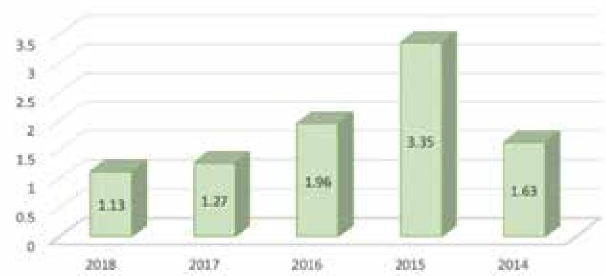


CAPITAL EMPLOYED PER SHARE

EARNINGS/(LOSS) PER SHARE ON BIOLOGICAL ASSETS (KSHS)



DIVIDEND COVER (TIMES COVERED)



REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited consolidated and separate financial statements for the year ended 30 September 2018, which disclose the state of affairs of the Group and the Company.

1. Activities

The principal activities of the Company and its subsidiaries are the growing, processing and sale of tea, coffee and macadamia nuts, the commercial milling and marketing of coffee, value addition operations on related products, forestry, dairy operations, avocado processing and livestock.

2. Results

The results of the Group and Company for the year are set out on pages 33 and 34, respectively.

3. Dividends

A first interim dividend of 50% (KShs 0.50 per share: 2017 – 25%: KShs 0.25 per share) was declared and paid on 16 July 2018. The directors recommended the payment of a second interim dividend of 50% (KShs 0.50 per share: 2017 – 75%: KShs 0.75 per share) payable on or about 31 January 2019 to the members on record at the close of business on 7 January 2019. This amounts to a total dividend of 100% (KShs 1.00 per share for the year: 2017 – 100% KShs 1.00 per share).

4. Equity and reserves

The authorized issued share capital and reserves of the Group and Company at 30 September 2018 and matters relating thereto are set out in notes 28 and 29 to the financial statements. No shares or debentures were issued during the year ended 30 September 2018.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 37, 38, 39 and 40.

5. Property, plant and equipment

Details of the movements in property, plant and equipment are shown at Note 18 to the financial statements.

6. Directors

The directors who served during the year and up to the date of this report are set out on page 1.

In accordance with regulation 94 and 95 of the Articles of Association, Dr. J. B. McFie and Mr. S. N. Merali retire by rotation, and being eligible, offer themselves for re-election.

7. Business review

Performance and position of the Group

The Group's performance for the year was encouraging compared to prior year despite the drop in turnover which was caused by two adverse factors, namely, uncertainty after prolonged electioneering period and labour strike which characterized the first half. Despite the uneasy environment in the first half of the year, the latter half was characterized by good weather conditions. Tea production during the year declined by 3.6% to 10,804 tonnes of made tea down from 11,208 tonnes achieved in the previous year.

The Coffee estates produce went through a challenging period following prolonged extreme cold weather which affected quality size of the coffee beans and prices. Generally global coffee prices dipped to their lowest ever since 2004. Production however, was higher at 891 tonnes exceeding 851 tonnes produced in the previous year.

The average price realized for tea marginally increased to USD 2.03/kg compared to USD 2.00/kg in the previous financial year. The average price realized for coffee was USD 4.29/kg compared to USD 5.17/kg in the previous year.

The Group recorded a decline in turnover of 16% to KShs 3.5 Billion compared to KShs 4.2 billion last year, and the gross profit was KShs 852.1 million compared to KShs 998.0 million for the previous year. The net profit for the year of KShs 293.5 million was lower than the previous year's net profit of KShs 339.41 million.

Principal risks and uncertainties

The Group's activities expose it to a variety of risks and uncertainties. These can be categorised as agricultural risks, financial risks and operational risks.

Agricultural risk is the risk of direct or indirect loss arising from adverse agricultural conditions such as disease outbreaks, floods, droughts and other adverse weather events caused by climatic changes. The increased frequency and severity of droughts and floods is a concern. The Group has adopted strategies to mitigate agricultural risk which include: agricultural diversification of products and processes and the adoption of sound agricultural practices.

The Group's risk management process with respect to agricultural risk focuses on anticipating, avoiding and/or reacting to shocks attributable to adverse agricultural conditions. The Group's objective is to achieve an efficient risk management system for agriculture that preserves the value of agricultural outputs, strengthens the viability of farm businesses, and ensures an environment which supports and sustains continued investment in the farming sector.

The Group's principal financial instruments arising from the operations comprising of cash and cash equivalents, investments, receivables, bank loans and payables expose it a variety of financial risks. These risks include market risks (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on its financial performance (Note 5).

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group processes, personnel, technology and infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour, poor infrastructure, especially rural and trunk roads, land tenure issues and increasing labour costs arising from union demands. The Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group reputation with overall cost effectiveness but to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

REPORT OF THE DIRECTORS (CONTINUED)

7. Business review (Continued)

Principal risks and uncertainties (Continued)

- Requirements for the appropriate recruitment of competent personnel and the segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

On environmental and social sustainability risks, the Group is committed to sustainability and acting in a responsible manner to promote employee well-being, minimise our impact on the environment and give back to the wider community. The Group's has built partnerships with our employees, clients, investors, suppliers and communities based on mutual respect, trust and fairness.

The Group continues to take good care of the immediate environment by planting trees on all available land. Equally, tillage is kept to a bare minimum in order to conserve top soil. We are certified by the Rainforest Alliance. The employees are well looked after with clean and hygienic housing provided by the company, piped water in all the villages and day care centres for the toddlers and schools for older children. The Group has established 4 primary schools and 1 secondary school within its premises. We ensure complete adherence to the collective bargaining agreements and local legislation.

Future Outlook

The Group's diversification program remained on course and geared towards improving performance in the future. The macadamia processing factory is now complete and operational and is now scheduled to commence trading in March 2019.

The other new line which is avocado trading, has shown promise of bolstering revenue in the coming years.

The management is constantly exploring new lines and ideas in a bid to fit in with the changing business environment and also expand and enhance shareholder value. Emphasis on quality coupled with quantity and underscored with sustainability remain top on the agenda for delivery.

8. Donations

The Group did not make donations to any political entity during the year.

Donations of KShs 1,100,000 (2017: KShs 2,767,160) were made to charitable organisations during the year.

9. Relevant audit information

The Directors in office at the date of this report confirm that:

- There is no relevant audit information of which the Company's auditors are unaware; and
- Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

10. Substantial shareholdings

The directors are aware of the following interests which amount to 5% or more of the issued share capital of the Company:

	Shareholding % 2018	Shareholding % 2017
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.51
East Africa Batteries Limited	11.02	11.02
Gulamali Ismail	8.80	8.25
	74.26	73.62

11. Directors' interests

Directors' direct interests in the shares of the Company were as follows:

Name of Director	2018 No. of shares	2017 No. of shares
Mr. A. H. Butt	30,300	30,300
Mr. S. N. Merali	45,900	45,900

Some of the other directors have indirect interests through entities.

12. Auditors

The auditors, KPMG Kenya, are eligible and hereby offer themselves for re-appointment in accordance with the requirements of the Kenyan Companies Act, 2015.

13. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors held on 19 December 2018.

BY ORDER OF THE BOARD

Lawrence Chelimo Kibet CPS-K
Company Secretary
Date: 19 December 2018

RIPOTI YA WAKURUGENZI

Wakurugenzi wana furaha ya kuwasilisha ripoti yao ya kila mwaka pamoja na taarifa jumlishi na za kandokando za kifedha za mwaka unaoishia tarehe Septemba 2018, zinazoonyesha hali ya Kundi na Kampuni.

1. Shughuli

Shughuli kuu za Kampuni na kampuni zake tanzu ni ukuzaji, utengenezaji na mauzo ya majani chai, kahawa na makadamia na biashara ya usagaji na uuzaji wa kahawa, shughuli za kuongeza thamani kwenye bidhaa zinazohusika nazo, kilimo cha misitu, shughuli za maziwa, utengenezaji wa bidhaa za parachichi na mifugo.

2. Matokeo

Matokeo ya mwaka ya Kundi na Kampuni yameonyeshwa kwenye kurasa za 33 na 34, mtawalia.

3. Mgawo wa Faida

Mgawo wa kwanza wa muda wa asilimia 50 (KShs 0.50 kwa hisa: 2017 – asilimia 25: KShs 0.25 kwa hisa) ulitangazwa na kulipwa tarehe 16 Julai 2018. Wakurugenzi walipendekeza malipo ya mgawo wa pili wa muda wa asilimia 50 (KShs 0.50 kwa hisa: 2017 – asilimia 75: KShs 0.75 kwa hisa) yatakayolipwa tarehe 31 Januari 2019 au karibu na hapo kwa wanachama kwenye rekodi wakati wa kufunga biashara tarehe 7 Januari 2019. Hii ni jumla ya mgawo wa faida ya asilimia 100 (KShs 1.00 kwa hisa kwa mwaka: 2017 – asilimia 100 KShs 1.00 kwa hisa).

4. Rasilimali ya Hisa na Akiba

Rasilimali ya hisa na akiba za Kampuni na Kundi zilizoidhinishwa na kutolewa kufikia tarehe 30 Septemba 2018 na mambo yanayohusiana nazo yanaonyeshwa kwenye tanbihi 28 na 29 za taarifa za kifedha. Hakuna hisa wala stakabadhi za mkopo zilizotolewa katika mwaka ulioishia tarehe 30 Septemba 2018.

Maelezo kamili ya akiba ya Kundi na Kampuni na mienendo yake katika mwaka yameonyeshwa kwenye kurasa 37, 38, 39 na 40.

5. Mali, Mtambo na Vifaa

Maelezo ya mienendo ya mali, mtambo na vifaa yanaonyeshwa katika tanbihi 18 ya taarifa za kifedha.

6. Wakurugenzi

Wakurugenzi waliohudumu mwaka huu na mpaka tarehe ya ripoti hii wameonyeshwa katika ukurasa wa 1. Kulingana na ibara za 94 na 95 za Kanuni za Kampuni, Dkt. J. B. McFie na Bw. S. N. Merali wanastaafu kwa zamu na kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

7. Mapitio ya Biashara

Utendaji na Nafasi ya Kundi

Utendaji wa Kundi wa mwaka ulififishwa na vipengele viwili vibaya, yaani kutokuwa na hakika baada ya kipindi kirefu cha ufanyaji kampeni na mgomo wa wafanyi kazi vilivyokuwepo sehemu ya kwanza ya mwaka. Licha ya mazingira magumu katika nusu ya kwanza ya mwaka, nusu ya pili ilikuwa na hali nzuri za hewa. Uzalishaji wa majani chai katika mwaka ulipungua kwa asilimia 4 kuwa tani 10,804 za majani chai yaliyotengenezwa, yaliyopungua kutoka tani 11,208 zilizopatikana katika mwaka uliotangulia.

Mashamba yetu ya kahawa yalipitia kipindi kigumu kutokana na hali ya baridi kali iliyoendelea kwa muda mrefu ilioathiri ubora wa ukubwa wa buni na bei. Kwa jumla bei za kahawa za ulimwengu zilianguka kufikia kiwango cha chini kabisa kutokea mwaka 2004. Ijapokuwa uzalishaji, ulikuwa wa juu zaidi wa tani 891 ukizidi tani 851 zilizozalishwa mwaka uliotangulia.

Bei ya wastani iliyopatikana ya majani chai iliongezeka kidogo kuwa $US 2.03 kwa kilo ikilinganishwa na $US 2.00 kwa kilo katika mwaka wa kifedha uliopita. Bei ya wastani iliyopatikana ya kahawa ilikuwa $US 4.29 kwa kilo ikilinganishwa na $US 5.17 kwa kilo mwaka uliopita.

Mwaka ulipata upungufu wa mapato na matumizi wa asilimia 16 kuwa KShs bilioni 3.5 ikilinganishwa na KShs bilioni 4.201 mwaka jana, na faida ya jumla ilikuwa KShs milioni 852.1 ikilinganishwa na KSh. milioni 998.0 za mwaka uliopita. Faida halisi ya mwaka ya KShs milioni 293.5 ilikuwa chini kuliko faida halisi ya mwaka uliotangulia ya KShs milioni 339.41.

Hatari Kuu na Kutokuwa na Uhakika

Shughuli za kundi zinaliwacha wazi kwa hatari tofauti na kutokuwa na uhakika. Hizi zinaweza kuainishwa kama hatari za kilimo, hatari za kifedha na hatari za uendeshaji.

Hatari ya kilimo ni hatari ya moja kwa moja au isiyo ya moja kwa moja inayotokana na hali mbaya za kilimo kama kutokea kwa magonjwa, mafuriko, ukame na matokeo mengine mabaya ya hali za anga yanayosababishwa na mabadiliko ya anga. Matokeo zaidi ya ukame wa ukali na mafuriko ni ya kutia wasiwasi. Kundi limeanzisha mikakati ya kuzuia hatari ya kilimo ambayo ni pamoja na: upanuzi wa taratibu na bidhaa za kilimo na utumizi wa desturi za kilimo za busara.

Usimamizi wa hatari wa kundi kuhusiana na hatari ya kilimo hulenga kwenye kutazamia, kuepuka na/au kupinga mapigo yanayotokana na hali mbaya za kilimo. Lengo la Kundi ni kupata mfumo ufaao wa usimamizi wa hatari za kilimo, unaohifadhi thamani ya mazao ya kilimo, unaoimarisha uwezekano wa biashara za kilimo, na kuhakikisha kuwepo kwa mazingira yanayosaidia na kuendeleza utegaji uchumi unaoendelea katika sekta ya ukulima.

Shughuli kuu za kifedha za Kundi zinazotokana na uendeshaji kazi zikiwa fedha tasilimu na ulinganifu wa fedha tasilimu, vitega uchumi, mapato, mikopo ya benki na ya kulipwa zinaiacha wazi kwa hatari tofauti za kifedha. Hatari hizi hujumuisha hatari za soko (pamoja na hatari ya ubadilishaji fedha za kigeni, hatari ya kiwango cha riba na hatari ya bei), hatari ya mkopo, hatari ya uwezo wa kulipia huduma na hatari ya uendeshaji shughuli. Wakurugenzi hupitia na kukubaliana sera za usimamizi wa hatari hizi.

Halmashauri ya Wakurugenzi ina jukumu la jumla la uanzishi na usimamizi wa mfumo wa usimamizi wa hatari za Kundi. Mpango wa jumla wa usimamizi wa hatari za Kundi unalenga kwenye kutotabirika kwa masoko ya fedha na kujaribu kupunguza athari zozote mbaya zinazoweza kuwepo katika utendaji wake wa kifedha (tanbihi 5).

Hatari ya uendeshaji ni hatari ya moja kwa moja au isiyo ya moja kwa moja inayotokana na sababu nyingi tofauti zinazohusishwa na taratibu za Kundi, wafanyikazi, teknolojia na muundomsingi, na kutokana na vipengele vya nje kama vile vinavyotokana na mahitaji ya kisheria na kikanuni na viwango vinavyokubalika vya kawaida vya mwenendo wa shirika, muundomsingi mbaya , hasa barabara za vijijini na barabara kuu, maswala ya umiliki wa ardhi na gharama za wafanyikazi zinazoongezeka kutokana na madai ya muungano wa wafanyikazi. Lengo la Kundi ni kusimamia hatari za uendeshaji shughuli ili kusawazisha na kuepuka hasara za kifedha na madhara kwa sifa za Kundi kwa gharama muafaka ya jumla lakini kuepuka taratibu za mamlaka zinazozuia ari na ubunifu.

RIPOTI YA WAKURUGENZI (KUENDELEZA)

7. Mapitio ya Biashara (Continued)

Hatari Kuu na Kutokuwa na Uhakika (Kuendeleza)

Jukumu muhimu la maendeleo na utekelezaji wa vidhibiti kushughulikia hatari za uendeshaji shughuli linapatiwa Usimamizi. Jukumu hili linasaidiwa na uendelezi wa viwango vya jumla vya Kundi kwa usimamizi wa hatari za uendeshaji katika maeneo yafuatayo:

— Mahitaji ya uajiri sawa wa wafanyikazi stadi na ugawaji wa kazi, pamoja na kuruhusu uhuru wa kuendesha biashara;
— Mahitaji ya upatanisho na usimamizi wa kuendesha biashara;
— Utimizaji wa mahitaji ya kikanuni na mengineyo ya kisheria;
— Uwekaji rekodi wa vidhibiti na taratibu za kazi;
— Mahitaji ya upimaji wa kila baada ya muda wa hatari za uendeshaji shughuli zinazokabiliwa, na utoshelevu wa vidhibiti na taratibu za kushughulikia hatari zilizotambuliwa;
— Mahitaji ya kuripoti hasara za uendeshaji shughuli na hatua inayopendekezwa ya kurekebisha;
— Uendelezaji wa mipango ya mambo yasiyotarajiwa;
— Mafunzo na maendeleo ya weledi wa kazi;
— Matarajio ya kimaadili na kibiashara; na
— Uzuiaji wa hatari, pamoja na bima pale hili linapofaa.

Kuhusu hatari za uendelezaji wa kimazingira na kijamii, Kundi limejitolea katika uendelezaji na kutenda kiwajibu kuendeleza ustawi wa mfanyikazi, kupunguza athari yetu kwenye mazingira na kuitumikia jamii pana. Kundi limejenga ubia na wafanyikazi wetu, wateja, wategа uchumi, wagavi na jamii kwa misingi ya kuheshimiana, kuaminiana na usawa.

Kampuni inaendelea kuangalia vyema mazingira yao ya karibu kwa kupanda miti kwenye ardhi yote iliopo. Pia ulimaji unafanywa kwa kiwango kidogo sana ili kuhifadhi udongo wa juu. Tumethibitishwa na Muungano wa Misitu ya Mvua. Wafanyikazi wanatizamwa vyema kwa kupatiwa na kampuni makao safi na ya kiafya, maji ya mifereji katika vijiji vyote na vituo vya utunzi wa watoto wachanga na shule za watoto wakubwa. Kampuni imeanzisha shule 4 za msingi na 1 ya sekondari katika maeneo yake. Tunahakikisha ufuataji kamili wa mapatano ya pamoja ya mishahara na sheria za nchini.

Mtazamo wa Mbele

Mpango wetu wa kupanua biashara uliendelea na kulenga katika kuimarisha utendaji katika siku za usoni. Mtambo wa kutengeneza makadamia sasa umekamilika na sasa umepangwa kuanza biashara mwezi Machi mwaka 2019.

Shughuli nyingine mpya ambayo ni biashara ya parachichi, imeonyesha matarajio ya kuinua mapato katika miaka inayokuja.

Kila mara Usimamizi unatafuta biashara mpya na mipango katika jitihada kuweza kuendesha shughuli katika mazingira ya biashara yanayobadilika na pia kupanua na kuendeleza thamani ya mwanahisa. Msisitizo kwenye ubora pamoja na wingi na ukikazaniwa na uendelezaji, unabakia muhimu kwenye ajenda ya utendaji.

8. Michango

Kampuni haikutoa michango yoyote kwa chama chochote cha kisiasa katika mwaka. Michango ya Kshs. 1,100,000 (2017: Kshs 2,767,160) ilitolewa kwa mashirika ya kutoa misaada katika mwaka.

9. Habari Husika za Ukaguzi wa Hesabu

Wakurugenzi walioko mamlakani tarehe ya hii ripoti wanahakikisha kwamba:

— Hakuna habari husika za ukaguzi wa hesabu ambazo wakaguzi wa hesabu wa Kampuni hawajui; na
— Kila mkurugenzi amechukua hatua zote ambazo wanahitaji kuwa wamechukua kama mkurugenzi ili ajue habari zozote husika za ukaguzi wa hesabu na kuhakikisha kuwa wakaguzi wa hesabu wa Kampuni wana ufahamu wa habari hizo.

10. Umilikaji wa Hisa Nyingi

Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki asilimia 5 au zaidi ya rasilimali ya hisa zilizotolewa za Kampuni:

	Umilikaji wa hisa %	
	2018	**2017**
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.51
East Africa Batteries Limited	11.02	11.02
Gulamali Ismail	8.80	8.25
	74.26	73.62

11. Ushirika wa Wakurugenzi

Ushirika wa wazi wa wakurugenzi katika hisa za Kampuni ni kama ufuatao:

	2018	2017
Jina la Mkurugenzi	**Idadi ya hisa**	**Idadi ya hisa**
Bw. A. H. Butt	30,300	30,300
Bw. S. N. Merali	45,900	45,900

Baadhi ya wakurugenzi wengine wana ushirika usiokuwa wa wazi kupitia vyombo vyengine.

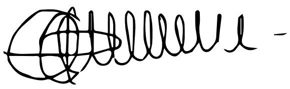
12. Wakaguzi

Wakaguzi, KPMG Kenya, wanastahili na hapa wanajitolea kuteuliwa tena kufuatana na mahitaji ya Sheria za Kampuni za Kenya, mwaka 2015.

13. Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha ziliidhinishwa kutolewa katika mkutano wa wakurugenzi uliofanyika tarehe 19 Desemba mwaka 2018.

KWA AMRI YA HALMASHAURI



LAWRENCE KIBET, CPS (K)
KATIBU WA KAMPUNI
Date: 19 Desemba 2018

DIRECTORS REMUNERATION REPORT

This Directors' remuneration report sets out the remuneration arrangements for Sasini PLC directors for the year ended 30 September 2018.

Details of directors

The remuneration report details the remuneration arrangements for directors who served during the year. The executive and non-executive directors listed below are collectively referred to as directors.

Name	Position
Dr. J.B. McFie, PhD, MBS	Chairman – Non-executive Director
Dr. N. N. Merali, PhD, CBS	Non-executive Director
A.H. Butt, CPA (Kenya), FCCA	Non-executive Director
S.N. Merali, MSc	Non-executive Director
Dr. S.O. Mainda, PhD, MA, ACII, EBS	Non-executive Director
Betty Koech, MBA, BCom	Non-executive Director
Rosemary Munyiri, MSc, BCom, CPA (Kenya), CISA	Non-executive Director
Mrs. L.W. Waithaka, MSc	Non-executive Director (retired 9 March 2018)
S. M. Githiga, MBA, Bsc, CPA (Kenya)	Group Managing Director (retiring 31 December 2018)

Remuneration Policy for the Non-Executive Chairman and Non-Executive Directors

The remuneration of the Non-Executive Chairman and Non-executive Directors is determined by the Remuneration and Nomination Committee. These Board members receive annual fees and allowances for attending meetings. Non-Executive roles are not entitled to any performance related pay or pension.

The Non-Executive Chairman and Non-Executive Directors do not have service contracts. The Company's policy is to appoint the Non-Executive Directors for an initial three-year period, which may be extended for a further term by mutual consent. The initial appointments and any subsequent reappointments are subject to annual election or re-election by shareholders.

Non-Executive Directors' appointments may be terminated at any time by serving three months' written notice by either party, but six months' in the case of the Non-Executive Chairman.

Non-Executive Director Remuneration Policy

The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business. Fees are paid in cash.

The amount of fees reflects the attached responsibility and time commitment. Additional fees are paid for further responsibilities such as chairing committees and sitting on appointed board committtes.

The value of benefits provided will be reasonable in the market context and take account of the individual circumstances and benefits provided in comparable roles for companies within the Industry

Remuneration Policy for the Executive Director

The remuneration of the Executive Director including but not limited to contract terms, monthly pay and participation in the Company's short and long term incentive plans are set by the Remuneration and Nomination Committee.

The Company's policy is to appoint the Executive Director for an initial two-year period, which may be extended for a further term by mutual consent. The initial appointments and any subsequent reappointments are subject to annual review by the Remuneration and Nomination Committee.

The salary for the Executive Director is set at a level which is considered appropriate to attract an individual with the necessary experience and ability to oversee the business. The salary is paid in cash. This is subject to annual review in October of each year. Judgement is used but consideration is given to a number of internal and external factors including responsibilities, market positioning, inflation and company performance.

Other benefits provided include: medical cover, pension and club membership and other non-cash benefits. Travel and other reasonable expenses (including any associated taxes) incurred in the course of performing their duties are reimbursed. These ensure the package is competitive.

Changes to directors' remuneration

There were no substantial changes relating to the directors' remuneration made during the year (2017: None).

Contract of service – Executive directors

Name	Date of contract	Unexpired term	Notice period	Amount payable for early termination
S. M. Githiga	31 December 2016	3months	3 months	Salary in lieu of notice period

DIRECTORS REMUNERATION REPORT (CONTINUED)

Directors' remuneration paid during the year

Non-executive directors

	2018			2017		
	Fees KShs'000	Sitting Allowance KShs'000	Total KShs'000	Fees KShs'000	Sitting Allowance KShs'000	Total KShs'000
Dr. J.B. McFie*	1,200	200	1,400	600	93	693
Dr. N. N. Merali	1,000	80	1,080	500	40	540
A.H. Butt	1,000	190	1,190	500	110	610
S.N. Merali	1,000	140	1,140	500	63	563
Mrs. L.W. Waithaka	-	35	35	500	70	570
Dr. S.O. Mainda	1,000	140	1,140	500	70	570
Mrs. Betty Koech	833	125	958	-	-	-
Mrs. RosemaryMunyiri	833	120	953	-	-	-
Total	**6,866**	**1,030**	**7,896**	**3,100**	**446**	**3,546**

*These fees were paid to educational charities.

Executive directors

2018:	Basic pay KShs'000	Gratuity/pension KShs'000	Bonus KShs'000	Non-cash benefits KShs'000	Total KShs'000
S. M. Githiga	19,267	2,411	-	2,449	24,127
Total	**19,267**	**2,411**	**-**	**2,449**	**24,127**

2017:	Basic pay KShs'000	Gratuity/pension KShs'000	Bonus KShs'000	Non-cash benefits KShs'000	Total KShs'000
S. M. Githiga	13,600	1,702	1,511	1,859	18,672
M.K. Changwony	3,577	7,144	-	1,099	11,820
Total	**17,177**	**8,846**	**1,511**	**2,958**	**30,492**

There were no other sums paid to third parties in respect of directors' services.

Approval of the directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the IFRSs.

BY ORDER OF THE BOARD

Director
Date: 19 December 2018

CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of Sasini PLC including adopting appropriate policies and procedures designed to ensure that the Company is properly managed to protect and enhance Shareholder interests. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals, considering and approving business plans and annual budgets. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of Company. In conducting business with these objectives, the Board seeks to protect and enhance Shareholder interests and to create an appropriate environment of corporate governance that is respected by the Company, its Directors, officers and personnel. Accordingly, the Board has created a framework for managing Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for the business and that are designed to promote the responsible management and conduct of Sasini PLC.

1. The Board lays solid foundations for management and oversight

Roles and responsibilities of the Board and Management

The Board is responsible for the overall direction of the Company with oversight and review of the management, administration and overall governance.

The Board Charter provides a framework for the effective operation of the Board, which sets out the:

— Board's roles and responsibilities;
— Relationship and interaction between the Board and Management; and
— Authority delegated by the Board to Management and Board Committees.

The Board's role is to, among other things:

— Represent and serve the interests of Shareholders by overseeing and appraising Company's strategies, policies and performance;
— Oversee the Company, including providing leadership and setting its objectives;
— Approve and monitor systems of risk management, internal compliance, accountability and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
— Set the risk appetite within which the Board expects Management to operate;
— Monitor Senior Management's performance and approve remuneration policies and practices; Monitor implementation of strategy and ensure appropriate resources are available;
— Approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestitures;
— Approve budgets;
— Approve and monitor the corporate, financial and other reporting systems of Sasini Group, including external audit and oversee their integrity;
— Adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure information that a reasonable person would expect to have a material effect on the price or value of the Company's Shares, is appropriately and accurately disclosed on a timely basis in accordance with all legal and regulatory requirements; and
— Monitor the effectiveness of Sasini's governance practices.

Matters that are specifically reserved for the Board (or its Committees) include:

— Appointment of the Chair;
— Appointment and removal of the Managing Director;
— Appointment of Directors to fill a vacancy or as an additional Director;
— Establishment of Board Committees, their membership and delegated authorities;
— Approval of dividends;
— Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management; and
— Any other specific matters nominated by the Board from time to time.

The Board has established the following Committees to assist it in discharging its functions:

Governance, Nomination and Remuneration Committee, which is responsible for establishing the policies and practices of the Company regarding the human resources strategy, the remuneration of Directors and employees and reviewing the overall human resources and remuneration framework; It also is responsible for advising the Board on the composition of the Company's Board and its Committees, maintaining proper succession plans and evaluating performance;

Risk and Audit Committee, which is responsible for monitoring and advising the Board on Group's audit, risk management and regulatory compliance policies and procedures; and

ICT, Strategy and finance Committee, which is responsible for advising the Board on matters of technology and innovation in supporting the Group's overall business strategy, reviewing and monitoring the effectiveness of the Group's IT systems and data security measures.

CORPORATE GOVERNANCE (CONTINUED)

1. The Board lays solid foundations for management and oversight (Continued)

The Group Managing Director is responsible for the day-to-day management of Sasini PLC with the authority to exercise all necessary powers, discretions and delegations authorised from time to time by the Board. The Group Managing Director's responsibilities are set out in the Board Charter. The Group Managing Director is supported by his Executive Team which meets weekly to plan the execution of the Group strategy.

2. Access to information and independent professional advice

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate. The Board collectively, and each Director individually, has the right to seek independent professional advice, at Sasini Group's expense, subject to the approval of the Chair, or the Board as a whole.

Board meetings

The Board meets on such number of occasions each year as the Board deems appropriate or as frequently as may otherwise be required to deal with urgent matters, which might arise between the scheduled meetings. For details of the current Directors, their qualifications, skills and experience, refer to the Directors' section on pages 3 to 5. For details of Directors' attendance at Board and Committee Meetings for the year ended 30 September 2018, refer to Directors' Meetings on pages 25 and 26.

3. Appointment and re-election of Directors

The composition, structure and proceedings of the Board are primarily governed by the Constitution and the laws governing corporations in jurisdictions where Sasini PLC operates. It is intended that the Board will comprise a majority of independent Non-Executive Directors. It is intended that the Board comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds that is appropriate to Sasini Group and its strategy. When appointing new Directors, the Board, together with the Governance, Nomination and Remuneration Committee, evaluates the balance of skills, knowledge and experience on the Board and, in light of the evaluation, determines the role and capabilities required for the appointment, subject to limits imposed by the Constitution and the terms served by existing Non-Executive Directors. At commencement of the Director selection process, the Board, together with the Governance, Nomination and Remuneration Committee undertakes appropriate checks on potential candidates to consider his or her suitability to fill a casual vacancy on the Board or for election as a Director. Prior to appointment, candidates are required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that he or she will have adequate time to fulfil his or her responsibilities as a Non-Executive Director of Sasini Group. Directors available for re-election at a general meeting are reviewed by the Nomination Committee and recommended to the Board. Directors are re-elected in accordance with the Constitution and the CMA regulations. Shareholders will be provided with details about each Director for re-election in the notice of meeting for the AGM to enable Shareholders to make a decision on re-election. Sasini Group enters into a written agreement with each Director and Senior Executive setting out the key terms, conditions and responsibilities of their position. Non-Executive Directors must inform the Chairperson before accepting any new appointment as a Director of another listed entity, another material directorship or other position with a significant time commitment attached.

4. Company Secretary

The Company Secretary, a member of the Institute of Certified Secretaries of Kenya (ICPSK) is the Secretary to all the Committees of the Board and offers the critical role of supporting the Board on procedural and regulatory matters while ensuring the Company adheres to Board policies and procedures. All Directors have direct access to the Company Secretary who is responsible to the Board on all matters relating to the conduct and functions of the Board and each of its Committees. The Company Secretary's responsibilities are set out in the Board Charter.

5. Diversity

Sasini PLC values a strong and diverse workforce and is committed to promoting a corporate culture that embraces diversity. The Board recognises workplace diversity as an integral part of how we operate and is imperative to our success. Workplace diversity recognises our individual differences, including differences in gender, ethnicity, sexual orientation, age, physical abilities, family status, religious belief, perspective and experience. Sasini Group's business policies, practices and behaviours promote workplace diversity and equal opportunity and create an inclusive and collaborative environment where individual differences are valued and all personnel have the opportunity to realise their potential and contribute to Sasini Group's success. The Governance, Nomination and Remuneration Committee is responsible for reviewing the Diversity program.

6. Performance review of the Board and senior executives

The Governance, Nomination and Remuneration Committee is responsible for establishing the processes for reviewing the performance of the Board, the Board's Committees and individual Directors. The Board, Governance, Nomination and Remuneration Committee, Risk and Audit Committee and ICT, Strategy and Finance Committee, periodically self-assess their performance against a range of set criteria developed annually by the Remuneration Committee. The Remuneration Committee has considered and reviewed the performance of the Board, individual Directors, the Board Committees and senior executives during the year ended 30 September 2018. A peer review has been undertaken for each Director seeking re-election at the AGM to enable the Board to recommend that Shareholders elect that Director at the AGM.

7. Performance review of Executive Management

The Governance, Nomination and Remuneration Committee is responsible for reviewing and recommending remuneration arrangements for the Group Managing Director and Executive Team who report directly to the Group Managing Director, including contract terms, annual remuneration and participation in Sasini Group's short and long term incentive plans.

CORPORATE GOVERNANCE (CONTINUED)

8. The Board is structured to add value

Board Committees

(a) Governance, Nomination and Remuneration Committee

The role and responsibilities of the Committee are to:

- Advise the Board on the size and composition of the Board and its Committees and the selection and appointment of Directors to the Board and its Committees;
- Review and make recommendations to the Board on succession plans for the Board and ensure there are plans in place to manage the succession of the Managing Director and other Senior Executives;
- Advise the Board on the ongoing evaluation of the performance of the Board, its Committees and Directors and make recommendations to the Board accordingly;
- Develop a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- Conduct performance evaluation of the Board, its Committees and individual Directors and developing and implementing plans for identifying, assessing and enhancing Director competencies; and
- Establish and facilitate a Director induction process and provide appropriate professional development opportunities for Directors.

(b) Risk and Audit Committee

The role and responsibilities of the Committee are to:

- Oversee, review and supervise Sasini Group's risk management framework and promote a risk management culture;
- Assist the Board in discharging its responsibilities relative to the financial reporting process, the system of internal controls relating to all matters affecting Sasini Group's financial performance and the audit process;
- Assist the Board in monitoring compliance with laws and regulations and Sasini Group's Code of Conduct and Ethics;
- Assist the Board to adopt and apply appropriate ethical standards in relation to the management of Sasini Group and the conduct of its business; and
- Review the adequacy of Sasini Group's insurance policies.

The responsibilities of the Committee in relation to external audit are as follows:

- Establish procedures for the selection, appointment and removal of the external auditor and for the rotation of external audit engagement partners;
- Review the external auditor's proposed audit scope and approach;
- Meet with the external auditor to review reports, and meet separately from Management, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately;
- Establish policies as appropriate in regards to the independence, integrity and performance of the external auditor;
- Review of the independence of the external auditors and the appropriateness of any services provided by them to Sasini Group (if any), outside their statutory role;
- For the purpose of removing or appointing external auditors review their performance, including their proposed fees, and if appropriate conduct a tender of the audit.

It is the policy of Sasini Group that its external auditing firm must be independent of it. The Risk and Audit Committee will review and assess the independence of the external auditor on an annual basis. The Risk and Audit Committee may obtain information from, and consult with, Management, the external auditor and external advisers, as it considers appropriate. The Risk and Audit Committee also has access to the external auditor to discuss matters without Management being present. The Risk and Audit Committee met four times during the year ended 30 September 2018.

(c) ICT, Strategy and Finance Committee

The Committee is responsible for reviewing and, where appropriate, approving Sasini Group's Technology Strategy and overseeing its implementation. The Committee will assist the Board by:

- Reviewing key technology changes, innovations and trends in the marketplace and their potential for application within Sasini Group, including advising Sasini Group through industry meetings with experts and education visits to key technology partners, industries and regions;
- Reviewing and recommending to the Board management strategies relating to Sasini Group's Technology Strategy and their alignment with Sasini Group's overall strategy and objectives;
- Reviewing and monitoring Management's strategies and innovation framework for developing or implementing new technologies and systems; advising the Board in relation to Sasini Group's IT operations for the purpose of enhancing the Board's understanding of the use of technology as an enabler and a risk for Sasini Group;
- Reviewing and recommending to the Board major new technology projects and investments;
- Monitoring and reviewing the post implementation results of all key technology projects, including the achievement of expected benefits and return on investment;
- Reviewing and recommending to the Board, Management's strategies for sourcing of major technology suppliers and monitoring the technology governance framework for third party suppliers; Reviewing, monitoring and advising on the effectiveness of the ISMS Information Security Risk Management Policy and Procedure;
- Advising the Risk and Audit Committee on matters of technology, systems, data and intellectual property risk and security;
- Improving the efficiency of the Board by taking responsibility for "technology" tasks delegated to the Committee where such tasks should be discussed in depth;

CORPORATE GOVERNANCE (CONTINUED)

8. The Board is structured to add value (Continued)

(c) ICT, Strategy and Finance Committee (Continued)

— Reviewing and reporting to the Board on the effectiveness of incident response plans as they relate to technology risks and cyber security risks, including disaster recovery plans and ensuring the regular testing and reporting to the Board on the results of testing;
— The delivery of technology services to Sasini Group, including performance outcomes for quality, stability and reliability and, where reliable information and metrics are available,
— The integration of IT operations and technology within the broader organisation, including strategies to minimise residual integration risk and maximise transparency across the organisation; and
— Such other matters relating to Sasini Group's Technology Strategy as the Committee may require from time to time.

Board Skills Matrix

The Board has adopted a policy that it shall be composed of a majority of independent, Non-Executive Directors who, with the Group Managing Director, comprise an appropriate mix of skills, expertise, experience and diversity to meet the Board's responsibilities and objectives.

The Board is comprised of highly experienced business leaders who each meet the fundamental requirements necessary to govern a listed company in the Securities Exchange. The Company has a diverse Board which collectively has:

— Strategic capabilities and commercial acumen;
— IT strategies and infrastructure, networks and innovations in data security and storage;
— Financial management capability, the ability to analyse statements and assess financial viability;
— Risk management understanding and experience;
— Knowledge of corporate governance and compliance in listed entities;
— Experience in human resource management, including workplace culture, management development and succession, health and safety, diversity and remuneration;
— Experience on the boards of other significant listed entities;
— Experience in identifying and managing the process for mergers and acquisitions, including integration;
— International experience; and
— Experience in executive leadership.

The Board, with the assistance of the Nomination Committee, determines the size and composition of the Board, subject to the Company's Constitution. The Board will continue to monitor and update the Board skills matrix at least annually to ensure that as Sasini develops, the Board comprises the appropriate mix of skills and experience. The Board recognises the importance of succession and renewal. It continues to monitor the Board composition accordingly.

Induction and education

The Nomination Committee is responsible for implementing an effective training and education program for all new and existing Directors, ensuring that Sasini provides appropriate professional development opportunities for Directors. The Nomination Committee is required to regularly review the effectiveness of the program to ensure Directors maintain the skills and knowledge required to perform their role effectively. Any new Directors undergo an induction program in which they are given a full briefing on Sasini, its operations and the industries in which it operates. Management, with the Board, provides an orientation program for new Directors which includes discussions with executives and management, the provision of materials to the new Director such as all of the Company's governance documents, access to the recent Board and Committee papers, along with minutes of these meetings. The objectives of the induction are to familiarise the new Director with Sasini Group's strategies, the nature of the various businesses, financial position, operational and risk management.

9. The Board promotes ethical and responsible decision-making

(a) Code of Conduct and Ethics

The Board recognises the need to observe a high standard of corporate practice and business conduct. Accordingly, the Board adopted the Code of Conduct and Ethics, which outlines how Sasini expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All Sasini Group Directors, officers, employees and contractors (Personnel) must comply with the Code of Conduct and Ethics. This Code applies to all Personnel and all other people who represent Sasini Group or undertake work for the benefit of Sasini Group. Each member of Sasini Group and all Personnel are expected at all times to comply with all applicable laws. All Personnel are expected to conduct Sasini Group's operations with high legal, moral and ethical standards in all their dealings and to uphold Sasini Group's reputation as a trusted third party financial administrator. Specifically, all Personnel agree to act:

— Ethically, honestly, responsibly, diligently and with integrity;
— In full compliance with all laws and regulations that apply to Sasini Group and its operations and this Code; and
— In the best interests of Sasini Group. All Sasini Group Senior Management must lead by example and demonstrate a high regard for Sasini Group, and treat all Personnel with respect.

(b) Securities Trading Policy

Sasini Group has adopted the Securities Trading Policy that is intended to:

CORPORATE GOVERNANCE (CONTINUED)

9. The Board promotes ethical and responsible decision-making (Continued)

(b) Securities Trading Policy (Contiued)

Explain the types of conduct in relation to dealings in securities that are prohibited under the CMA Act and establish a best practice procedure for the buying and selling of securities that protects Sasini Group, Directors and employees against the misuse of unpublished information that could materially affect the value of securities.

The Securities Trading Policy applies to:

— All Directors and officers of Sasini Group including the Group Managing Director;
— All direct reports to the Group Managing Director;
— All employees and contractors of Sasini Group;
— Their associates (as defined in the CMA Act) including, close family members and trusts and entities controlled by them; and
— Other persons identified by Sasini Group from time to time, (Restricted Persons).

The Securities Trading Policy sets out restrictions that apply to dealing with securities, including "trading windows", during which Restricted Persons, may deal in Sasini Group's Securities in the following periods.

10. The Board makes timely and balanced disclosure

The Board's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of Sasini Group. Sasini Group has adopted a Continuous Disclosure Policy to ensure compliance with the explicit requirements and the spirit and intent of its disclosure obligations under the CMA Act and NSE Listing regulations. The Board bears the primary responsibility for Sasini Group's compliance with its continuous disclosure obligations and is therefore responsible for overseeing and implementing this Policy. The Board makes the ultimate decision on whether there is any materially price sensitive information that needs to be disclosed to the CMA and NSE. It is a standing agenda item at all Board meetings to consider any information that must be disclosed to the CMA in accordance with Sasini Group's continuous disclosure obligations. The Board has appointed the Company Secretary as the Reporting Officer in order to streamline the day-to-day compliance with its continuous disclosure obligations. All Directors are required to notify the Reporting Officer if they believe there is materially price sensitive information which requires disclosure to the CMA.

11. The Board respects the rights of shareholders

Sasini Group respects the rights of its Shareholders and to facilitate the effective exercise of those rights, has adopted a Stakeholder's Management Policy.

The following information is available on Sasini Group's website:

— A profile of Sasini Group and its businesses;
— Director and Executive Team profiles;
— Corporate governance overview; and
— All CMA announcements made to the market, including annual and half year financial results, are posted on Sasini Group's website.

To encourage Shareholder engagement and participation at the AGM, Shareholders have the opportunity to attend the AGM, ask questions from the floor, participate in voting and meet the Board and the Executive Team in person. Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the notice of meeting.

The Board recognises and manages risk

Risk and Audit Committee in its function as a risk committee, the Risk and Audit Committee assists the Board in fulfilling its corporate governance responsibilities in regard to oversight of Sasini Group's risk management framework and internal control systems. The Risk Management Policy sets out the requirements, roles and responsibilities for managing risks across Sasini Group. The Risk and Audit Committee's primary role with respect to risk management is to:

— Consider the overall risk management framework and risk profile and annually review its effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks;
— Review with Management the adequacy of Sasini Group's systems for identifying, managing, and monitoring the key risks to Sasini Group in accordance with the Risk Management Policy;
— Obtain reports from Management on the status of any key risk exposures or incidents;
— Review the adequacy of the Sasini Group's process for managing risk and provide a recommendation to the Board regarding the s same in accordance with the Risk Management Policy;
— Review any incident involving fraud or other material or significant break down of the Sasini Group's internal controls in accordance with the Risk Management Policy;
— Review any material or significant incident involving any break down of Sasini Group's risk management framework in accordance with the Risk Management Policy;
— Review the Sasini Group's insurance program having regard to Sasini Group's business and the insurable risks associated with its business and inform the Board regarding the same; and
— Review whether Sasini Group has any material exposure to any economic, environmental and social sustainability risks and if so, develop strategies to manage such risks to present to the Board.

CORPORATE GOVERNANCE (CONTINUED)

11. The Board respects the rights of shareholders (Continued)

Internal audit

The internal audit function provides objective assurance on the effectiveness of risk management, operational and transactional controls and governance. Internal Audit operates under an annual plan reviewed and considered by the Risk and Audit Committee and the findings are presented to the Risk and Audit Committee. The internal audit function is undertaken by external providers. Sasini Group has appointed an external provider to provide internal audit services.

12. Economic, environmental and social sustainability risks

Sasini Group is committed to sustainability and acting in a responsible manner to promote employee well-being, minimise our impact on the environment and give back to the wider community. Sasini Group's ethos is to build partnerships with our employees, clients, investors, suppliers and communities based on mutual respect, trust and fairness.

The CMA Code of Corporate Governance Principles define 'material exposure' as a 'real possibility that the risk in question could substantively impact the listed entity's ability to create or preserve value for security holders over the short, medium or long term'.

Board and Board Committees Attendance

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to the Company to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the reporting year, the Board met four (4) times. Members of the Executive Leadership Team and other members of senior management attended meetings of the Board by invitation. Attendance at Board and standing Board committee meetings during financial year 2018 is set out in the table below:

Full Board

MEMBER/IN ATTENDANCE	DECEMBER 2017	MARCH 2018	MAY 2018	SEPTEMBER 2018
Dr. James McFie	√	√	√	√
Dr. Naushad Merali	√	√	√	√
Dr. Steve Mainda	√	√	√	√
Mrs. Betty Koech	√	√	√	√
Mr. Akif Butt	√	√	√	√
Mrs. Rosemary Munyiri	√	√	√	√
Mr. Sameer Merali	√	√	x	√
Mr. Stephen Githiga	√	√	√	√
Mr. Lawrence Kibet	√	√	√	√

Risk and Audit Committee

MEMBER/IN ATTENDANCE	DECEMBER 2017	MARCH 2018	MAY 2018	SEPTEMBER 2018
Mrs. Betty Koech	√	√	√	√
Dr. James McFie	√	√	√	√
Mrs. Rosemary Munyiri	√	√	√	√
Mr. Sameer Merali	√	√	x	√
Mr. Lawrence Kibet	√	√	√	√

Governance, Nomination and Remuneration Committee

MEMBER/IN ATTENDANCE	DECEMBER 2017	MARCH 2018	MAY 2018	SEPTEMBER 2018
Dr. Steve Mainda	√	√	√	√
Dr. James McFie	√	√	√	√
Mr. Akif Butt	√	√	√	√
Mr. Lawrence Kibet	√	√	√	√

CORPORATE GOVERNANCE (CONTINUED)

ICT, Strategy and Finance Committee

MEMBER/IN ATTENDANCE	11TH DECEMBER 2017	29TH FEBRUARY 2018	8TH MAY 2018	18TH SEPTEMBER 2018
N.N. Merali	√	√	√	√
A. H. Butt	√	√	√	√
S.N. Merali	√	√	√	√
S. Githiga	√	√	√	√
S. K. Odalo	√	√	√	√
S. Menon	√	√	√	√
J. Muriithi	√	√	√	√
W. Murage	√	√	√	√
T. Sadiq	X	X	√	√
T. Masaki	√	√	√	√
L. Kibet	√	√	√	√

√ - In attendance X – Absent (or absent with apology)

Top ten shareholders at 30 September 2018

The ten largest shareholders of the Company as at 30 September 2018 were as follows:

No.	Name of shareholder	No. of shares	% Shareholding
1	Legend Investments Limited	95,417,345	41.84
2	Yana Towers Limited	28,725,240	12.60
3	East African Batteries Limited	25,135,700	11.02
4	Gulamali Ismail	20,061,700	8.80
5	Gidjoy Investments Limited	9,900,800	4.34
6	Tropical Veterinary Services Limited	5,390,900	2.36
7	Karim Jamal	4,587,841	2.01
8	Shardaben Vithaldas Morjaria	2,111,780	0.93
9	Joseph Schwartzman	1,972,100	0.86
10	Steluc Limited	1,500,000	0.66

Distribution of shareholders

Shareholding (No. of Shares)	No. of Shares held	No. of Shareholders	% Shareholding
Less than 500	785,286	3,083	0.34
500 - 5,000	4,077,115	2,898	1.79
5,001 - 10,000	2,015,703	276	0.88
10,001 – 100,000	10,735,434	370	4.71
100,001-1,000,000	12,814,156	55	5.62
Above 1,000,000	197,627,806	12	86.66
Total	**228,055,500**	**6,694**	**100.00**

Dr. J.B. McFie, PhD
Chairman

Mrs Betty Koech
Director

Date: 19 December 2018

CORPORATE SOCIAL INVESTMENT

As a corporate citizen of this Country, we delight in fully exercising our corporate social responsibilities. In this regard, the Group has continued to effectively undertake corporate social investments activities by investing/contributing towards education development, health, social economic empowerment of the local communities within its operating environment.

Education/ Social Welfare
The Group has constructed four (4) primary schools and one secondary school within the tea operations and also renders support to schools around our coffee operations. The tea division maintains nursery and primary schools providing free education to the children of employees, dependents and surrounding communities.

The Group supports education through bursaries and stipends and by providing funds to establish and improve schools near our plantations. We also provide resources such as computers, laboratory equipment, sports kits and basic learning materials to schools. Provision of footwear to primary going children is occasionally done to motivate the learners. The Group provides pre-school opportunities for the younger children and in this regard we have established six-day care centers in our tea estates where toddlers are kept busy and fed on a daily basis as their parents work.

The Magura Mixed Secondary School in our tea division was officially opened by The First Lady, Her Excellency Mrs. Margaret Kenyatta on 10 May 2018.

Besides the educational facilities, the Group provides social and welfare amenities to all our current population of permanent and seasonal employees of about 4,500 along with over 15,000 of their dependents living within the estates.

Health
The Group maintains a well-equipped Medical Centre with in-patient and outpatient treatment options within the tea operations. It also maintains three satellite dispensaries with well-trained medical personnel and a diagnostic laboratory. The facilities also have ambulances on standby in case critical cases need to be transported to larger health facilities. These facilities cater for both the company employees and local community residents.

Smallholder Farmers and Community
The annual farmers' open day was held on 7 December 2018 at our Kamundu Estate, in Kiambu and in the usual custom, our outgrower farmers were sensitized on financial literacy, sustainable farming techniques and technological interventions in the growing of coffee, Macadamia nut and Avocado trees as well as new investment options. Farmers who had implemented the acquired skills successfully resulting in higher yields and or better crop from their farms were awarded attractive prizes and trophies.

The Group also avails tea, coffee, macadamia, avocado and indigenous tree seedlings to the surrounding community, as well as fertilizers to our outgrowers.

The Group provides employment to the local community, and internships and attachments to university and college students from the surrounding community.

Ecosystem Conservation
Through the Rainforest Alliance certification, both our tea and coffee operations have comprehensively addressed the environmental, social and economic challenges faced by our own tea and coffee estates, out grower farms and the surrounding communities. The Group has a well-established ecosystem conservation programme with supporting policies that protect the ravines, production areas, and all habitat areas.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Sasini PLC (the group and company) set out on pages 33 to 84 which comprise the consolidated and company statements of financial position as at 30 September 2018, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the group and of the company as at the end of the financial year and of the profit or loss of the group and company for that year. It also requires the Directors to ensure the company and its subsidiaries keep proper accounting records which disclose with reasonable accuracy the financial position of the group and the company.

The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the group and the company and of the group and company profit or loss and cash flows.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 19 December 2018.

Dr. J.B. McFie, PhD
Chairman

Mrs Betty Koech
Director

Date: 19 December 2018

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sasini PLC (the Group and Company) set out on pages 33 to 84, which comprise the consolidated and company statements of financial position at 30 September 2018, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sasini PLC as at 30 September 2018, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of biological assets - IAS 41 Agriculture (applicable to the consolidated and separate financial statements)	
See note 3 (j) and note 20	
The key audit matter	**How the matter was addressed in our audit**
The Group's biological assets include unharvested produce growing on tea and coffee bushes, standing timber and livestock which are measured at fair value less costs to sell under IAS 41 *Agriculture*. Estimating the fair value is a complex process involving a number of judgments and estimates regarding various inputs including estimating the useful lives of the bioloigical assets, expected harvest and selling prices after harvest. Due to the nature of the assets, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to lack of relevant and reliable observable inputs. Valuation of biological assets is a key audit matter because the determination of the fair value of biological assets is a key area of estimation uncertainty and is subject to significant management judgment.	Our audit procedures in this area included, among others: — Evaluating the Group's and Company's inputs and assumptions used in calculating the estimated cash flows by comparing them with historical performance and the Group's and Company's plans, as well as our understanding of the industry and the economic environment the Group and Company operates in. — Evaluating the historical accuracy of the Group's and Company's assessment of the fair value of biological assets by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts. — Evaluating the accuracy of the computations as well as the appropriateness of the discount rates used to discount cashflows. — Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters (continued)

Deferred tax arising from tax losses	
See note 3 (d) and note 30 (applicable to consolidated financial statements)	
The key audit matter	**How the matter was addressed in our audit**
The Group's deferred tax assets and liabilities includes recognised deferred tax assets amounting to KShs 56.8 million arising from carry-forward tax losses amounting to KShs 189 million from some subsidiaries that the Directors believe are recoverable. The recoverability of the recognised deferred tax assets is in part dependent on the respective subsidiary's ability to generate future taxable profits sufficient to utilize the tax losses before they expire. The Group also has unrecognised deferred tax asset of KShs 54 million relating to tax losses of KShs 181 million at one of its subsidiaries.	Our audit procedures in this area included, among others: — Using our own tax specialists to evaluate the tax strategies the Group expects will enable successful recovery of the recognised deferred tax assets. — Reconciling tax losses and expiry dates to the tax statements/ computation and returns. — Assessing the reasonableness of forecast future taxable profits by evaluating historical forecasting reasonableness and comparing the assumptions with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit. — Evaluating the basis for not recognising deferred tax assets and assumptions/judgements made by directors not to recognise deferred tax assets.
Deferred tax arising from tax losses	
See note 3 (d) and note 30 (applicable to consolidated financial statements)	
The key audit matter	**How the matter was addressed in our audit**
We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits, the reversal of temporary differences, utilisation of tax losses before they expire and consequently recognition or unrecognition of deferred taxes.	— Evaluating the adequacy of financial statements disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Directors' responsibilities for the consolidated and separate financial statements

As stated on page 28, the directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Kenyan Companies Act, 2015 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

— Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI PLC (CONTINUED)

Report on the audit of the consolidated and separate financial statements (continued)

Auditors' responsibilities for the audit of the consolidated and separate financial statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit that:

i. In our opinion, the information given in the report of the directors on pages 14 and 15 is consistent with the consolidated and separate financial statements;

ii. The auditable part of the Directors' remuneration report on pages 18 and 19 has been prepared in accordance with the Kenyan Companies Act, 2015; and

iii. We have issued an unqualified audit report on the consolidated and separate financial statements.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is CPA Jacob Gathecha – P/1610.

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8th Floor, ABC Towers
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PO Box 40612 - 00100
Nairobi

Date: 19 December 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 KShs'000	2017 KShs'000
Revenue	8	3,515,220	4,201,195
Cost of sales	9	(2,663,117)	(3,203,192)
Gross profit		**852,103**	**998,003**
Fair value changes on biological assets	20(a)	55,559	81,746
Other income	10	261,500	98,531
Total operating income		**1,169,162**	**1,178,280**
Administration and establishment expenses	11	(769,903)	(759,072)
Selling and distribution costs	12	(44,644)	(46,027)
Results from continuing operations		**354,615**	**373,181**
Finance income	13(a)	112,663	141,864
Finance costs	13(b)	(18,472)	(11,024)
Net finance income	**13**	**94,191**	**130,840**
Profit before tax from continuing operations		**448,806**	**504,021**
Loss of control			
Gain on disposal of subsidiary	40	-	16,900
Profit before tax	**14**	**448,806**	**520,921**
Tax expense	15(a)	(155,283)	(181,514)
Profit for the year		**293,523**	**339,407**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefits, net of tax	31	8,453	(26,319)
Total comprehensive income		**301,976**	**313,088**
Profit attributable to:			
Owners of the company		295,497	346,183
Non-controlling interest		(1,974)	(6,776)
		293,523	**339,407**
Total comprehensive income attributable to:			
Owners of the company		303,940	319,662
Non-controlling interest		(1,964)	(6,574)
		301,976	**313,088**
Profit attributable to the owners of company comprise:			
Profit arising from operating activities		256,606	288,961
Fair value changes on biological assets- net of tax		38,891	57,222
		295,497	**346,183**
Earnings per share:			
Basic and diluted (KShs)	16	**1.30**	**1.52**
Dividend per share (KShs)	17	**1.00**	**1.00**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 KShs'000	2017 KShs'000
Revenue	8	1,076,088	1,705,553
Cost of sales	9	(896,807)	(1,478,160)
Gross profit		**179,281**	**227,393**
Fair value changes on biological assets	20(b)	34,747	52,388
Other income	10	605,731	361,767
Total operating income		**819,759**	**641,548**
Administration and establishment expenses	11	(397,706)	(385,007)
Selling and distribution costs	12	-	(7,695)
Results from continuing operations		**422,053**	**248,846**
Finance income	13(a)	32,067	72,180
Finance costs	13(b)	(5,143)	(10,988)
Net finance income	**13**	**26,924**	**61,192**
Profit before tax from continuing operations		**448,977**	**310,038**
Loss of control			
Loss on disposal of subsidiary	40	-	(27,899)
Profit before tax	**14**	**448,977**	**282,139**
Tax expense	15(a)	(31,352)	(47,082)
Profit for the year		**417,625**	**235,057**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefits, net of tax	31	909	1,693
Total comprehensive income		**418,534**	**236,750**
Profit is made up as follows:			
Profit arising from operating activities		393,302	198,385
Fair value changes on biological assets- net of tax		24,323	36,672
		417,625	**235,057**
Earnings per share:			
Basic and diluted (KShs)	16	**1.83**	**1.03**
Dividend per share (KShs)	17	**1.00**	**1.00**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

		2018	2017
ASSETS	**Note**	**KShs'000**	**KShs'000**
Non-current assets			
Property, plant and equipment	18(a)	8,679,878	8,827,710
Capital work-in-progress	18(c)	555,032	188,688
Intangible assets	19	16,030	4,871
Biological assets	20(a)	1,046,978	1,171,379
Prepaid leases on leasehold land	21	10,509	17,585
Available-for-sale financial asset	22	525	525
Deferred tax asset	30	6,997	97
		10,315,949	10,210,855
Current assets			
Inventories	24	411,712	284,214
Biological Assets	20(a)	283,033	251,034
Trade and other receivables	25	730,321	997,224
Amounts due from related companies	26(a)	1,000	18,005
Tax recoverable	15(b)	83,756	27,817
Cash and cash equivalents	27	1,135,609	1,406,876
		2,645,431	2,985,170
TOTAL ASSETS		**12,961,380**	**13,196,025**
EQUITY AND LIABILITIES			
Capital and reserves (Pages 37 & 38)			
Share capital	28	228,055	228,055
Non-distributable reserves	29(a)	7,959,268	7,911,934
Distributable reserves	29(b)	2,841,337	2,869,801
		11,028,660	11,009,790
Non-controlling interest	29(c)	295,123	306,087
Total equity		11,323,783	11,315,877
Non-current liabilities			
Deferred tax liability	30	882,430	894,847
Post-employment benefits	31	296,088	281,360
		1,178,518	1,176,207
Current liabilities			
Post-employment benefits	31	36,042	41,602
Amounts due to related parties	26(b)	-	90
Trade and other payables	32	411,595	547,496
Borrowings	39	-	100,852
Tax payable	15(b)	11,442	13,901
		459,079	703,941
TOTAL EQUITY AND LIABILITIES		**12,961,380**	**13,196,025**

The financial statements set out on pages 33 to 84 were approved and authorised for issue by the Board of Directors on 19 December 2018 and signed on its behalf by:

Dr. J.B. McFie, PhD
Chairman

Mrs Betty Koech
Director

The notes set out on pages 43 to 84 form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

ASSETS	Note	2018 KShs'000	2017 KShs'000
Non-current assets			
Property, plant and equipment	18(b)	5,854,109	5,955,317
Capital work-in-progress	18(c)	118,426	71,808
Intangible assets	19	15,033	3,660
Biological assets	20(b)	59,478	56,748
Prepaid leases on leasehold land	21	-	6,974
Investment in subsidiary companies	23	145,797	145,797
		6,192,843	6,240,304
Current assets			
Inventories	24	79,558	73,426
Biological Assets	20(b)	223,123	190,069
Trade and other receivables	25	253,451	541,917
Amounts due from related companies	26(a)	802,082	141,547
Tax recoverable	15(b)	21,200	30,393
Cash and cash equivalents	27	147,162	524,718
		1,526,576	1,502,070
TOTAL ASSETS		**7,719,419**	**7,742,374**
EQUITY AND LIABILITIES			
Capital and reserves (Pages 39 & 40)			
Share capital	28	228,055	228,055
Non-distributable reserves	29(a)	5,681,682	5,656,450
Distributable reserves	29(b)	1,288,060	1,179,828
Total equity		7,197,797	7,064,333
Non-current liabilities			
Deferred tax liability	30	380,425	366,227
Post-employment benefits	31	24,593	22,327
		405,018	388,554
Current liabilities			
Post-employment benefits	31	5,674	4,929
Trade and other payables	32	110,930	183,706
Borrowings	39	-	100,852
		116,604	289,487
TOTAL EQUITY AND LIABILITIES		**7,719,419**	**7,742,374**

The financial statements set out on pages 33 to 84 were approved and authorised for issue by the Board of Directors on 19 December 2018 and signed on its behalf by:

Dr. J.B. McFie, PhD
Chairman

Mrs Betty Koech
Director

The notes set out on pages 43 to 84 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

2018:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
Balance as at 1 October 2017	**228,055**	**98,530**	**7,627,565**	**159,711**	**26,128**	**2,698,759**	**171,042**	**11,009,790**	**306,087**	**11,315,877**
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	295,497	-	295,497	(1,974)	293,523
Other comprehensive income										
Fair value gain on biological assets after tax	-	-	-	38,891	-	(38,891)	-	-	-	-
Remeasurement of post employment benefits net of tax	-	-	-	-	8,443	-	-	8,443	10	8,453
Total comprehensive income for the year	**-**	**-**	**-**	**38,891**	**8,443**	**256,606**	**-**	**303,940**	**(1,964)**	**301,976**
Transactions with owners of the company recorded directly in equity										
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Final 2017 dividend paid	-	-	-	-	-	-	(171,042)	(171,042)	-	(171,042)
First interim 2018 dividend paid	-	-	-	-	-	(114,028)	-	(114,028)	-	(114,028)
Second interim 2018 dividend payable	-	-	-	-	-	(114,028)	114,028	-	-	-
Total distribution to owners of the company	**-**	**-**	**-**	**-**	**-**	**(228,056)**	**57,014**	**(285,070)**	**(9,000)**	**(294,070)**
At 30 September 2018	**228,055**	**98,530**	**7,627,565**	**198,602**	**34,571**	**2,727,309**	**114,028**	**11,028,660**	**295,123**	**11,323,783**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

2017:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
Balance as at 1 October 2016	228,055	98,530	7,627,565	102,489	52,649	2,646,448	285,069	11,040,805	320,800	11,361,605
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	346,183	-	346,183	(6,776)	339,407
Other comprehensive income										
Fair value gain on biological assets after tax	-	-	-	57,222	-	(57,222)	-	-		-
Remeasurement of post employment benefits net of tax	-	-	-	-	(26,521)	-	-	(26,521)	202	(26,319)
Total comprehensive income for the year	**-**	**-**	**-**	**57,222**	**(26,521)**	**288,961**	**-**	**319,662**	**(6,574)**	**313,088**
Transactions with owners of the company recorded directly in equity										
Elimination on disposal of subsidiary (Note 40)	-	-	-	-	-	(8,594)	-	(8,594)	(8,139)	(16,733)
Final 2016 dividend paid	-	-	-	-	-	-	(285,069)	(285,069)	-	(285,069)
First interim 2017 dividend paid	-	-	-	-	-	(57,014)	-	(57,014)	-	(57,014)
Second interim 2017 dividend payable	-	-	-	-	-	(171,042)	171,042	-	-	-
Total distribution to owners of the company	**-**	**-**	**-**	**-**	**-**	**(236,650)**	**(114,027)**	**(350,677)**	**(8,139)**	**(358,816)**
At 30 September 2017	**228,055**	**98,530**	**7,627,565**	**159,711**	**26,128**	**2,698,759**	**171,042**	**11,009,790**	**306,087**	**11,315,877**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2018:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
Balance as at 1 October 2017	228,055	40,594	5,517,443	94,073	4,340	1,008,786	171,042	7,064,333
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	417,625	-	417,625
Other comprehensive income								
Fair value changes on biological assets after tax	-	-	-	24,323	-	(24,323)	-	-
Remeasurement of post employment benefits, net of tax (Note 31)	-	-	-	-	909	-	-	909
Total comprehensive income for the year	**-**	**-**	**-**	**24,323**	**909**	**393,302**	**-**	**418,534**
Transactions with owners of the company recorded directly in equity								
Final 2017 dividend paid	-	-	-	-	-	-	(171,042)	(171,042)
First interim 2018 dividend paid	-	-	-	-	-	(114,028)	-	(114,028)
Second interim 2018 dividend payable	-	-	-	-	-	(114,028)	114,028	-
Total distribution to owners of equity	-	-	-	-	-	(228,056)	(57,014)	(285,070)
At 30 September 2018	**228,055**	**40,594**	**5,517,443**	**118,396**	**5,249**	**1,174,032**	**114,028**	**7,197,797**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2017:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
At 1 October 2016	228,055	40,594	5,517,443	57,401	2,647	1,038,457	285,069	7,169,666
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	235,057	-	235,057
Other comprehensive income								
Fair value changes on biological assets after tax	-	-	-	36,672	-	(36,672)	-	-
Remeasurement of post employment benefits, net of tax (Note 31)	-	-	-	-	1,693	-	-	1,693
Total comprehensive income for the year	-	-	-	36,672	1,693	198,385	-	236,750
Transactions with owners of the company recorded directly in equity								
Final 2016 dividend paid	-	-	-	-	-	-	(285,069)	(285,069)
First interim 2017 dividend paid	-	-	-	-	-	(57,014)	-	(57,014)
Second interim 2017 dividend payable	-	-	-	-	-	(171,042)	171,042	-
Total distribution to owners of equity	**-**	**-**	**-**	**-**	**-**	**(228,056)**	**(114,027)**	**(342,083)**
At 30 September 2017	**228,055**	**40,594**	**5,517,443**	**94,073**	**4,340**	**1,008,786**	**171,042**	**7,064,333**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 KShs'000	2017 KShs'000
Cash flows from operating activities			
Net cash flows generated from operations	33	593,395	73,899
Gratuity paid	31	(32,430)	(22,082)
Income taxes paid	15(b)	(236,621)	(280,389)
Net cash generated from/(used in) operating activities		**324,344**	**(228,572)**
Cash flows from investing activities			
Interest received	13	94,691	111,947
Purchase of property and equipment	18(a)	(53,323)	(105,782)
Purchase of capital work-in-progress	18(c)	(368,910)	(131,509)
Purchase of intangible assets	19	(16,218)	(866)
Purchase of biological assets	20	(1,206)	(703)
Proceeds from sale of property and equipment		143,841	18,434
Proceeds on disposal of subsidiary	40	-	41,171
Net cash used in investing activities		**(201,125)**	**(67,308)**
Cash flows from financing activities			
Interest paid	13	(5,166)	(10,547)
Borrowings received	39	175,969	455,329
Borrowings repaid	39	(276,821)	(356,674)
Dividends paid on ordinary shares		(285,070)	(342,083)
Net cash used in financing activities		**(391,088)**	**(253,975)**
Net decrease in cash and cash equivalents		(267,869)	(549,855)
Cash and cash equivalents at the beginning of the year		1,406,876	1,954,551
Net unrealised foreign exchange (loss)/gain		(3,398)	2,180
Cash and cash equivalents at the end of the year	27	**1,135,609**	**1,406,876**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 KShs'000	2017 KShs'000
Cash flows from operating activities			
Net cash flows used in operations	33	(360,853)	(118,187)
Gratuity paid	31	(1,190)	(1,109)
Income taxes paid	15(b)	(8,353)	(93,310)
Net cash used in operating activities		**(370,396)**	**(212,606)**
Cash flows from investing activities			
Dividends received	10	301,000	200,000
Interest received	13	14,097	44,667
Purchase of property and equipment	18(b)	(10,273)	(66,309)
Purchase of capital work-in-progress	18(c)	(46,618)	(14,629)
Purchase of intangible assets	19	(15,716)	(553)
Purchases of biological assets	20	(1,037)	(412)
Proceeds from sale of property and equipment		140,623	16,645
Proceeds on disposal of subsidiary	40	-	42,000
Investment in subsidiaries	23	-	(30,000)
Net cash generated from investing activities		**382,076**	**191,409**
Cash flows from financing activities			
Interest paid	13	(4,764)	(10,536)
Borrowings received	39	175,969	455,329
Borrowings repaid	39	(276,821)	(356,674)
Dividends paid on ordinary shares		(285,070)	(342,083)
Net cash used in financing activities		**(390,686)**	**(253,964)**
Net decrease in cash and cash equivalents		(379,006)	(275,161)
Cash and cash equivalents at the beginning of the year		524,718	797,943
Unrealised foreign exchange gain		1,450	1,936
Cash and cash equivalents at the end of the year	27	**147,162**	**524,718**

The notes set out on pages 43 to 84 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

1. REPORTING ENTITY

Sasini PLC (the "Company") is a company incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" or "Consolidated" and individually referred to as "Group entities").

The Group is primarily involved in growing and processing of tea and coffee, commercial milling and marketing of coffee, value addition of related products, forestry, sourcing and processing avocados, processing macadamia nuts, dairy operations and livestock.

The address of its registered office and principal place of business is as follows:

3rd Floor, Rivaan Centre
Westlands
PO Box 30151 - 00100
Nairobi

The shares of the Company are listed on the Nairobi Securities Exchange (NSE).

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Kenya Companies Act, 2015. Details of significant accounting policies are included in Note 3.

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income in these financial statements.

(b) Basis of measurement

The financial statements are prepared under the historical cost basis of accounting except for biological assets and financial instruments that have been measured at fair value and certain items property, plant and equipment that have been carried at revaluation amounts. The accounting policies adopted are consistent with those of the previous years.

(c) Functional and presentation currency

The financial statements are presented in Kenya shillings (KShs), which is the Group's and Company's functional currency. Except as otherwise indicated, financial information presented in Kenya shillings has been rounded to the nearest thousand (KShs'000).

(d) Going concern

The Group's and Company's management has made an assessment of the Group and Company's ability to continue as a going concern and is satisfied that the Group and Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2018. The subsidiaries are shown in Note 23.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

— Derecognises the assets (including goodwill) and liabilities of the subsidiary;
— Derecognises the carrying amount of any non-controlling interest;
— Derecognises the cumulative translation differences, recorded in equity;
— Recognises the fair value of the consideration received;
— Recognises the fair value of any investment retained. Subsequently, it is accounted as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained; and
— Recognises any surplus or deficit in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Monetary assets and liabilities carried in foreign currencies are translated into Kenya Shillings at the rate of exchange ruling at the reporting date. Transactions during the year in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(c) Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of goods are recognised when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and when there is no continuing management involvement and the amount of revenue can be measured reliably.

(ii) Sales of services are recognised in the period in which the services are rendered by reference to the completion of specific transactions assessed on the basis of actual service provided as a proportion of total services to be provided. Sales revenue can only be recognised when the associated costs can be estimated reliably and the amount of revenue can be estimated reliably.

(d) Taxation

Tax expense comprises current tax and movement in deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

(i) Current taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

— Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

— In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(e) Investments in subsidiary companies

The investments in subsidiary companies are accounted for at cost in the Company's statement of financial position less any provisions for impairment losses. Where in the opinion of the directors, there has been an impairment of value of an investment; the loss is recognised as an expense in the period in which the impairment is identified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

(i) Measurement and recognition

Financial instruments are recognised in the Group and Company financial statements when, and only when, the Group and Company become party to the contractual provisions of the instrument.

(ii) Classification

The Group classifies its financial assets into loans and receivables and available for sale assets, while financial liabilities are classified into other financial liabilities. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group and/ or Company intends to sell in the short-term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables, cash and bank balances and balances due from group companies.

These are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale assets

Available-for-sale assets are the non-derivative financial assets that are designated as available for sale or are not classified as held for trading purposes, loans and receivables or held to maturity.

Other financial liabilities

Other financial liabilities are initially recognized at the fair value less any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. These include borrowings, trade and other payables and balances due to related parties.

(iii) De-recognition

A financial asset is derecognised when the Group and/ or Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished, cancelled or expires.

(iv) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(v) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicate that one or more events have had a negative effect on the estimated future cash flows of that asset.

In assessing impairment, the Group and Company considers impairment at both individual and collective level. All individually significant assets are individually assessed for impairment. Assets that are not individually impaired are assessed collectively. Collective assessment is carried out by grouping together assets with similar credit characteristics. Impairment loss is calculated as the difference between the assets carrying amount and present value of estimated future cash flows discounted at original effective interest rate.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Impairment of non-financial assets

The carrying amounts of the Group's and Company's non-financial assets, other than defined benefits asset, deferred tax, biological assets and inventories, are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that largely are independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost or revalued amounts less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

A bearer plant is defined as a plant that:

(a) is used in the production or supply of agricultural produce;
(b) is expected to bear produce for more than one period; and
(c) has a remote likelihood of being sold as agricultural produce, except for scrap sales.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (continued)

The Group's tea and coffee bushes meet the above definition and are classified as bearer plants.

Revaluation increases arising on the revaluations are recognised in other comprehensive income and accumulated in the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising out of revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued amount of the asset and the original cost. Additionally, accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any surplus remaining in the revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

No depreciation is provided on freehold land. Other items of property, plant and equipment are depreciated on the straight line basis to write down the cost or revalued amount of each asset to its residual value over its estimated useful life for current and comparative periods as follows:

Buildings and improvements	12 – 45 years
Plant, machinery and tools	12.5% p.a
Rolling stock	25.0% p.a
Farm implements and trailers	12.5% p.a
Furniture, fittings and equipment	12.5% p.a
Computers	33.3% p.a
Bearer plants	2.0% p.a

Useful lives, residual values and depreciation methods are reviewed on an annual basis and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is de-recognised.

The carrying values of the property, plant and equipment are assessed when there are indicators and adjusted for impairment where it is considered necessary.

(i) Intangible assets

An intangible asset arises from the purchases of accounting software. Acquired intangible assets are measured on initial recognition at cost.

The Group and Company recognises an intangible asset at cost if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and/ or Company and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite.

The intangible assets are amortised on a straight-line basis over their useful lives (5 years).

Amortisation method, useful lives and residual values are reviewed at each reporting date.

(j) Biological assets

Biological assets are measured on initial recognition and at each reporting date at fair value less cost to sell. Costs to sell include all costs that would be necessary to sell the assets including transportation costs. Any changes to the fair value are recognised in profit or loss in the period in which they arise. The fair value net of deferred tax is reserved in equity as a non-distributable reserve.

The fair value of livestock is determined based on the market prices of livestock of similar age, breed and sex. Where meaningful market determined prices do not exist to assess the fair value of the Group's and Company's other biological assets, the fair value is determined based on the net present value of expected future cash flows, discounted at appropriate pre-tax rate.

All costs incurred relating to mature biological assets are recognised in profit or loss in the period in which they are incurred. Costs incurred relating to immature biological assets are factored in the fair value adjustment.

Biological assests that are expected to be realised within 12 months (coffee and tea produce) at the reporting date are classified as current assets.

(k) Share capital

Ordinary shares are classified as equity. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

(l) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

Finance leases, which transfer to the Group and Company substantially all the risks and benefits incidental to ownership of the leased item, are recognised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Lease incentives received are recognised as an integral part of the total lease expense, over the lease term.

(m) Work-in-progress

Work-in-progress represents costs incurred in acquisition/ installation of an item of property, plant and equipment which is not in use. Work-in-progress is not depreciated until the assets are completed and brought into use but is tested for impairment when there is an indicator for impairment.

(n) Inventories

Tea and coffee inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads, where appropriate, that have been incurred in bringing the stocks to their present location and condition. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for costs of realisation.
Consumable stores are stated at the weighted average cost less provisions for obsolescence, slow moving and defective stocks.

Agricultural produce is measured at fair value less cost to sell at the point of harvest. Any changes arising on initial recognition of agricultural produce at fair value less cost to sell are recognised in profit or loss. The cost of finished goods and work in progress comprise the fair value less cost to sell of agricultural produce at the point of harvest, raw materials, direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

(o) Employee benefit

The Group operates a defined contribution retirement benefits scheme for its non-unionised employees. For the unionised employees, the Group operates a gratuity scheme.

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan which an entity pays fixed contribution into a separate entity and has no legal or constructive obligation to pay further amounts. The expense is recognised in profit or loss.

Contributions from the Group and Company, at a rate of 12.5% of the basic salary of each employee, are expensed in the year the services are rendered and paid over to a separate trustee administered fund.

The Group and Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute. The Group's and Company's contributions to the above schemes are charged to profit or loss in the year to which they relate.

Prepaid contribution is recognised as an asset, to the extent that a cash refund or a reduction in future payments is available.

(ii) Gratuity

Employee entitlement to gratuity under the collective bargaining agreements with the trade unions and long service awards are recognised when they accrue to employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the reporting date.

The liability recognised in the statement of financial position is the present value of the estimated future cash outflows, calculated by an independent actuary using the projected unit credit method. The increase or decrease in the provision is taken to profit or loss.

(iii) Accrued annual leave

The monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(iv) Other short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of discount is recognised as finance cost.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

(s) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(t) Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity.

(u) Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and Group or related companies. The related party transactions are at arm's length.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(w) Comparatives

Where necessary, comparative figures have been restated to conform to the changes in presentation in the current year.

(x) New standards, amendments and interpretations

(i) New standards, amendments and interpretations effective and adopted during the year

The Group and Company has adopted the following new standards and amendments during the year ended 30 September 2018, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 October 2017. The nature and effects of the changes are explained below:

New standard or amendments	Effective for annual periods beginning on or after
— Disclosure Initiative (Amendments to IAS 7)	1 January 2017
— Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
— IFRS 12 – Disclosure of Interests in Other entities	1 January 2017

The adoption of these standards did not have a material impact on the financial statements of the Group and Company.

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 30 September 2018

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 September 2018, and have not been early adopted by the Group and Company.

The directors are in the process of assessing the impact of these standards on the Group and Company financial statements.

New standard or amendments	Effective for annual periods beginning on or after
— IFRS 15 Revenue from Contracts with Customers	1 January 2018
— IFRS 9 Financial Instruments (2014)	1 January 2018
— Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
— Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	1 January 2018
— IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
— IAS 40 Transfers of Investment Property	1 January 2018
— IFRS 16 Leases	1 January 2019
— IFRIC 23 Income tax exposures	1 January 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) New standards, amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 30 September 2018 (continued)

New standard or amendments	Effective for annual periods beginning on or after
— IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
— IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
— IFRS 17 Insurance contracts	1 January 2021
— Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	To be determined
— Annual improvements cycle (2014 – 2016) – various standards	1 January 2018
— Annual improvements cycle (2015 – 2017) – various standards	1 January 2019
— Definition of a Business (Amendments to IFRS 3– Business Combinations)	1 January 2020

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity). The nature and effects of the changes that have/will have an impact on the Group's and Company's financial statements is analysed below:

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.

The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and Company are assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 9: Financial Instruments (2014)

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard introduces changes in the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual period beginning on or after 1 January 2018 with retrospective application, early adoption permitted.

The Group and Company are assessing the potential impact on its financial statements resulting from the application of IFRS 9.

IFRS 16: Leases

On 13 January 2016 the IASB issued IFRS 16 Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration. A Company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model.

All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

(i) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A Company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a Company also recognises a financial liability representing its obligation to make future lease payments;

(ii) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) New standards, amendments and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 30 September 2018 - continued

IFRS 16: Leases - continued

(iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model.

All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

(i) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A Company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a Company also recognises a financial liability representing its obligation to make future lease payments;

(ii) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and

(iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a Company to recognise assets and liabilities for:

(i) short-term leases (i.e. leases of 12 months or less), and;
(ii) leases of low-value assets

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied).

The Group and Company are assessing the potential impact on its financial statements resulting from the application of this standard.

IFRIC 23 Clarification on accounting for Income tax exposures

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment.

If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made. Uncertainty is reflected in the overall measurement of tax and separate provision is not allowed.

The entity is required to measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use either the most likely amount method or the expected value method when measuring an uncertainty).

The entity will also need to provide disclosures, under existing disclosure requirements, about

a) judgments made;
b) assumptions and other estimates used; and
c) potential impact of uncertainties not reflected.

The new Standard is effective for annual periods beginning on or after 1 January 2019.

The Group and Company are assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

Annual improvements cycle (2015 - 2017) – various standards

Standard	Amendments
IAS 12 Income taxes	Clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity. The Group and Company are assessing the impact of the adoption of this amendment on its financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.

4. USE OF ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

In the process of applying the Group's accounting policies, directors make certain estimates and assumptions about future events. In practice, the estimated and assumed results would differ from the actual results. Such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) Biological assets

In determining the fair value of biological assets, the Group uses the present value of expected future cash flows from the assets discounted at the current market determined pre tax rate. The objective of calculating the present value of expected cash flows is to determine the fair value of biological assets in their present location and condition. The Group considers this in determining an appropriate discount rate to be used and in estimating net cash flows. Management uses historical data relating to production and market prices of tea, coffee, livestock and trees. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed to reduce any differences between estimates and actual experience. The significant assumptions are set out in Note 20 to the financial statements.

(ii) Property, plant and equipment

Directors make estimates in determining the depreciation rates for property, plant and equipment. The rates used are set out in the accounting policy for property, plant and equipment.

These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

The Group measures its property, plant and equipment at revalued amounts with changes in revaluation values being recognised in other comprehensive income. The Group engages independent valuers to determine fair values of property, plant and equipment. The valuation is based on the prevailing market prices which are sensitive to economic conditions. The details of property, plant and equipment and the assumptions applied are disclosed in Note 3(h) and Note 18.

(iii) Income taxes and deferred tax

Significant judgement is required in determining the Group's provision for deferred and income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the year in which such determination is made.

(iv) Post employment benefit obligation

The cost of the unfunded service gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on scheme assets and future salary increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Details of post employment benefits and the assumptions applied are disclosed in Note 3(o) and Note 31.

(v) Allowance for impairment for accounts receivable

The Group and Company reviews accounts receivables portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable. In estimating the receivable amounts the Group make judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Details of the allowance for impairment are disclosed in Note 5(b) and Note 25.

(b) Critical accounting judgements

In the process of applying the Group's accounting policies, directors make certain judgements that are continuously assessed based on prior experience and other determinants including expectations of future events that, under the circumstances are deemed to be reasonable as described below:

(i) Allowance for obsolete inventories

Directors review the inventories on an annual basis to assess the likelihood of obsolescence. In determining whether an inventory item is obsolete, directors make judgement as to whether the inventory item can be used as an input in production or is in saleable condition.

(ii) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore the financial statements continue to be prepared on the going concern basis.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, investments, receivables, bank loans and payables. These instruments arise directly from its operations. The Group does not speculate or trade in derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and manages financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non derivative financial instruments and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimising on the return on the risk.

(i) Interest rate risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long and short term obligations with floating interest rates.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rate risks. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group exposure to interest rate risk is with regards to fluctuation in interest rates in the market which affects the returns on the investments held by the Group.

The interest rate profile of the group's interest bearing financial instruments as at 30 September 2018 and 2017 together with the interest rates on that date was as follows:

The net interest income/ (expense) for the year was as follows:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Interest income	94,691	111,947	14,097	44,667
Interest expense	(5,166)	(10,999)	(4,764)	(10,988)
Net interest income	**89,525**	**100,948**	**9,333**	**33,679**

The interest rate profile of the Group's and Company's fixed interest-bearing financial instruments as reported to management of the Group is as follows:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Fixed rate instruments				
Financial assets (Note 27)	661,949	1,006,095	1,394	344,082
Financial liabilities (Note 39)	-	(100,852)	-	(100,852)
Exposure	**661,949**	**905,243**	**1,394**	**243,230**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Interest rate risk (continued)

The following table demonstrates the effect on the group and company's statement of comprehensive income of applying a sensitivity of 10% to the interest rate prevalent during the year, with all other variables held constant.

		Group		Company	
	Change in currency rate	Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on equity KShs' 000
2018	10.00%	(8,953)	(6,267)	(933)	(653)
	-10.00%	8,953	6,267	933	653
2017	10.00%	(10,095)	(7,067)	(3,368)	(2,358)
	-10.00%	10,095	7,067	3,368	2,358

(ii) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currencies in which these transactions primarily are denominated are US Dollar (USD) and Sterling Pound (GBP).

The Group's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the reporting date. All gains or losses on changes in currency exchange rates are accounted for in profit or loss.

The Group transacts internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and GBP.

The following are the exchange rates that existed at the financial year end for the following significant currencies:

	Average rates		Closing rates	
	2018 KShs	2017 KShs	2018 KShs	2017 KShs
US Dollar (USD)	101.65	103.01	100.96	103.25
Sterling Pound (GBP)	136.79	130.55	132.49	138.61

The Group operates in Kenya and its assets and liabilities are carried in the local currency. The Group's exposure to foreign currency risk was as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

All figures are in thousands of Kenya shillings (KShs'000)

Group:

2018:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	333,079	-	-	333,079
Cash and cash equivalents	129,323	14,238	16,720	160,281
At 30 September	**462,402**	**14,238**	**16,720**	**493,360**
Liabilities				
Trade and other payables	11,412	-	-	11,412
At 30 September	**11,412**	**-**	**-**	**11,412**
Net balance sheet position	**450,990**	**14,238**	**16,720**	**481,948**

All figures are in thousands of Kenya shillings (KShs'000)

2017:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	522,259	-	-	522,259
Cash and cash equivalents	370,752	12,177	11,426	394,355
At 30 September	**893,011**	**12,177**	**11,426**	**916,614**
Liabilities				
Trade and other payables	10,864	-	-	10,864
At 30 September	**10,864**	**-**	**-**	**10,864**
Net balance sheet position	**882,147**	**12,177**	**11,426**	**905,750**

Company:

All figures are in thousands of Kenya shillings (KShs'000)

Assets	2018 USD	2017 USD
Trade and other receivables	159,665	323,122
Cash and cash equivalents	51,142	194,841
At 30 September	**210,807**	**517,963**
Liabilities		
Trade and other payables	11,412	9,448
At 30 September	**11,412**	**9,448**
Net balance sheet position	**199,395**	**508,515**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

The following table demonstrates the effect on the group and company's statement of comprehensive income of applying a sensitivity for a reasonable possible change in the exchange rate of the main transaction currencies, with all other variables held constant.

		Group		Company	
	Change in currency rate	Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on equity KShs' 000
USD					
2018	10.00%	45,099	31,569	19,940	13,958
	-10.00%	(45,099)	(31,569)	(19,940)	(13,958)
2017	10.00%	88,215	61,751	50,852	35,596
	-10.00%	(88,215)	(61,751)	(50,852)	(35,596)
GBP					
2018	10.00%	1,424	997	-	-
	-10.00%	(1,424)	(997)	-	-
2017	10.00%	1,218	853	-	-
	-10.00%	(1,218)	(853)	-	-
EUR					
2018	10.00%	1,672	1,170	-	-
	-10.00%	(1,672)	(1,170)	-	-
2017	10.00%	1,143	800	-	-
	-10.00%	(1,143)	(800)	-	-

(iii) Price risk

Price risk arises from the fluctuation in the prices of the commodities that the Group deals in. Sale and purchase prices are determined by the market forces and other factors that are not within the control of the Group. The Group does not anticipate that tea and coffee prices will decline significantly in the foreseeable future and therefore has not entered into derivative or other contracts to manage the risk of a decline in the prices. The Group reviews its outlook for tea and coffee prices regularly in considering the need for active financial risk management.

The following are the annual average prices (per kg) for coffee and tea that existed at the financial year end:

	2018 KShs	2017 KShs
Coffee	436	532
Tea	207	206

The following table demonstrates the effect on the group and company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the coffee and tea prices, with all other variables held constant.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Price risk (continued)

	Change in price	Group		Company	
		Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on equity KShs' 000
Coffee					
2018	10.00%	90,411	63,287	83,833	58,683
	-10.00%	(90,411)	(63,287)	(83,833)	(58,683)
2017	10.00%	160,901	112,631	150,204	105,143
	-10.00%	(160,901)	(112,631)	(150,204)	(105,143)
Tea					
2018	10.00%	218,558	152,991	-	-
	-10.00%	(218,558)	(152,991)	-	-
2017	10.00%	230,809	161,566	-	-
	-10.00%	(230,809)	(161,566)	-	-

(b) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentrations of credit exposure within the group arises from deposits held with various service providers, term deposits and cash and cash equivalents held with banks. The group only places significant amounts of funds with recognised financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

A significant proportion of the group's trading is through established auctions for coffee and tea and a small proportion via direct export contracts with known parties. The receivables are collected within a period of less than one month.

The Group's exposure to credit risk is summarised in the table below:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Trade receivables-Net	361,508	561,184	187,522	355,822
Other receivables	279,910	229,688	47,905	127,446
Amounts due from related companies	1,000	18,005	802,082	141,547
Bank balances and short term deposits	1,132,783	1,404,368	146,439	524,098
	1,775,201	**2,213,245**	**1,183,948**	**1,148,913**

Details of the ageing analysis and impairment of trade receivables is disclosed in Note 25.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its obligations from its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's management maintains flexibility in funding by maintaining availability under committed credit lines. The maturity analysis of the Group's financial liabilities is as follows:

Group:

2018:	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Total KShs'000
Trade and other payables	57,748	32,064	321,783	411,595
	57,748	**32,064**	**321,783**	**411,595**
2017:				
Trade and other payables	118,193	44,169	385,134	547,496
Due to related parties	80	-	10	90
Borrowings	-	-	100,852	100,852
	118,273	**44,169**	**485,996**	**648,438**

Company:

2018:	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Total KShs'000
Trade and other payables	9,873	11,241	89,816	110,930
	9,873	**11,241**	**89,816**	**110,930**
2017:				
Trade and other payables	31,408	34,378	117,920	183,706
Borrowings	-	-	100,852	100,852
	31,408	**34,378**	**218,772**	**284,558**

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group operations.

The Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirement for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Agricultural risk

Agricultural risk is the risk of direct or indirect loss arising from adverse agricultural conditions such as disease outbreaks, floods, droughts and other adverse weather events caused by climatic changes.

The Group's risk management process with respect to agricultural risk focuses on anticipating, avoiding and/or reacting to shocks attributable to adverse agricultural conditions. The Group's objective is to achieve an efficient risk management system for agriculture that preserves the value of agricultural outputs, strengthens the viability of farm businesses, and ensures an environment which supports and sustains continued investment in the farming sector.

The Group has adopted the following strategies to mitigate agricultural risk:
- Agricultural diversification of products and processes
- Adoption of sound agricultural practises such as cross-breeding to attain disease and weather resistant breed

(f) Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with capital requirements and maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Group's approach to capital management as regards the objectives, policies or processes during the year.

6. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosures only cover instruments measured at fair value.

Level 1

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in level 2 category are financial assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3

Financial assets and liabilities measured using inputs that are not based on observable market data are categorised as level 3. Non market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments and limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

6. DETERMINATION OF FAIR VALUES (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total fair value KShs'000
2018:				
Financial assets designated at fair value through profit and loss				
Investment in unquoted shares	-	-	525	525
2017:				
Financial assets designated at fair value through profit and loss				
Investment in unquoted shares	-	-	525	525

There were no financial instruments carried at fair value at the company level.

The following table shows an analysis of non-financial assets held at fair value as at 30 September 2018 and 2017:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Non-financial assets				
Property, plant and equipment	8,679,878	8,827,710	5,854,109	5,955,317
Biological assets	1,330,011	1,422,413	282,601	246,817
Total assets	**10,009,889**	**10,250,123**	**6,136,710**	**6,202,134**

On 30 September 2015, Knight Frank Valuers Limited, professionally valued the Group's machinery, equipment and furniture while building and freehold land were valued on 30 September 2014. The valuation was on an open market value basis. The Valuers used the Direct Capital Comparison method of valuation for valuation of land. The assumption which is that the value of the appraised property is equal to the value of a known comparable property, with due allowance being given for differences factors between the appraised property and the compared property such as the condition, location, level and amount of services provided, accessibility, plot size, planning and zoning regulations, transacting parties, motive of sale and tenure and the unexpired term. Fully developed properties; for example depots have been valued on the basis of sales of similar developed properties in the particular locations with due regard to their rental income potential. Buildings or any other fixture or improvement on land whose revenue contribution cannot be assessed easily or where the structures are dilapidated, have been valued on depreciated replacement cost basis.

Following the revaluation, the movement in property plant and equipment has been disclosed in note 18.

The fair value of the biological asset is determined based on the present value of expected net cash flows derived from sale of agricultural produce, discounted at the pre-tax discount rate. The details of the valuation inputs of the biological assets have been disclosed in note 20.

The fair value measurement of revalued items of property plant and equipment and the biological assets have been categorized as a level 2 and 3 fair value based on the inputs to the valuation techniques.

7. SEGMENT INFORMATION

The Group is currently organised in three divisions; Tea, Coffee, and Others. These divisions are the basis on which the Group reports its segment information. The principal activities of these divisions are as follows:

Tea - Growing and processing of tea
Coffee - Growing and processing of coffee
Others - Dairy operations, commercial milling and marketing of coffee, value additions of related products, renting of growing land and the leasing of plant and machinery

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

7. SEGMENT INFORMATION (CONTINUED)
Segment information is as presented below:

30 September 2018:	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Revenue				
Total sales	2,185,577	904,111	437,532	3,527,220
Intergroup sales	-	-	(12,000)	(12,000)
Net sales to external customers	2,185,577	904,111	425,532	3,515,220
Other income	23,916	170,204	67,380	261,500
	2,209,493	**1,074,315**	**492,912**	**3,776,720**
Results				
Operating results on operating activities	209,692	(25,145)	114,509	299,056
Operating results on biological assets	23,259	32,300	-	55,559
Operating results before tax	**232,951**	**7,155**	**114,509**	**354,615**
Assets and liabilities				
Segment assets	**3,614,227**	**9,038,987**	**308,166**	**12,961,380**
Segment liabilities	**998,936**	**537,345**	**101,316**	**1,637,597**
Other segment information				
Capital expenditure - tangible fixed assets	70,232	66,716	285,285	422,233
Depreciation and amortisation of Leasehold land and intangible assets	72,687	34,441	32,586	139,714
Average number of employees	**2,851**	**1,138**	**135**	**4,124**

30 September 2017:	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Revenue				
Total sales	2,308,093	1,609,011	296,091	4,213,195
Intergoup sales	-	-	(12,000)	(12,000)
Net sales to external customers	2,308,093	1,609,011	284,091	4,201,195
Other income	9,042	89,391	98	98,531
	2,317,135	**1,698,402**	**284,189**	**4,299,726**
Results				
Operating results on operating activities	271,227	41,577	(21,369)	291,435
Operating results on biological assets	34,967	46,779	-	81,746
Operating results before tax	**306,194**	**88,356**	**(21,369)**	**373,181**
Assets and liabilities				
Segment assets	**3,472,022**	**9,272,204**	**451,799**	**13,196,025**
Segment liabilities	**1,083,915**	**563,871**	**232,362**	**1,880,148**
Other segment information				
Capital expenditure - tangible fixed assets	**34,872**	85,539	116,880	237,291
Depreciation and amortisation of Leasehold land and intangible assets	**72,082**	**34,437**	**32,713**	**139,232**
Average number of employees	**3,185**	**1,185**	**82**	**4,452**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in Nyamira, Nyeri, Mombasa, Kiambu and Nairobi counties in Kenya.

The Group's tea, rental and leasing operations are located in Nyamira and Mombasa counties. Coffee and dairy operations are located in Nyeri and Kiambu counties. The head office is located in Nairobi County.

Segment information

Segment results include revenue and expenses directly attributable to a segment.

Segment revenue is the revenue that is directly attributable to a segment plus the relevant portion of the Group's revenue that can be allocated to the segment on a reasonable basis. Segment revenue excludes finance income.

Segment expenses are expenses resulting from the operating activities of a segment plus the relevant portion of an expense that can be allocated to the segment on a reasonable basis. Segment expenses exclude finance costs and income taxes.

Segment assets comprise intangible assets, property, plant and equipment, biological assets, inventories, accounts receivable as well as prepaid expenses and accrued income.

Segment liabilities comprise account payables, prepaid income, accrued expenses and provisions as well as those relating to interest and taxes.

Capital expenditure represents the total cost incurred during the year to acquire segment assets (property, plant and equipment and biological assets) that are expected to be used during more than one year.

8. REVENUE

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Tea	2,185,577	2,308,093	-	-
Coffee	904,111	1,609,011	838,330	1,502,044
Livestock & Dairy produce	53,667	43,313	2,844	2,340
Retail and coffee lounge	115,235	124,703	115,235	115,999
Coffee mill	68,191	47,953	68,191	49,300
Rent receivable	-	973	-	956
Marketing commission	51,488	39,006	51,488	34,914
Avocado	131,103	25,477	-	-
Miscellaneous income	5,848	2,666	-	-
	3,515,220	**4,201,195**	**1,076,088**	**1,705,553**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

9. COST OF SALES

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
General charges	372,897	286,311	104,783	103,583
Estates maintenance	462,660	625,696	101,068	104,130
Production expenses	443,922	418,501	55,770	56,862
Green leaf purchases	545,776	569,048	-	-
Coffee house expenses	-	8,716	-	-
Coffee purchases and other charges	511,874	1,073,112	511,874	1,073,112
Livestock expenses	54,035	50,108	3,990	2,891
Retail trading expenses	86,738	81,644	86,738	81,641
Coffee mill expenses	44,297	41,175	44,297	37,238
Transport and insurance	42,935	8,325	-	-
Inventory adjustments	97,983	40,556	(11,713)	18,703
	2,663,117	**3,203,192**	**896,807**	**1,478,160**

10. OTHER INCOME

Net gain/(loss) on disposal of property, plant and equipment	67,762	(763)	68,597	(562)
Management fees	-	-	69,165	73,846
Rent income	938	-	938	-
Dividend income	-	-	301,000	200,000
Other income	192,800	99,294	166,031	88,483
	261,500	**98,531**	**605,731**	**361,767**

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	Group		Company	
(a) Administration and Establishment expenses	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Staff costs (Note 11(b))	196,566	232,890	105,918	111,082
Insurance and medical costs	42,594	33,357	7,863	1,630
Depreciation of property, plant and equipment	134,514	135,710	46,327	48,323
Amortisation of intangible assets	4,996	3,270	4,343	2,434
Amortisation of leasehold land	204	253	102	103
Auditors' remuneration	12,878	12,047	7,078	5,979
Directors' emoluments	32,023	34,038	32,023	34,038
Legal and professional fees	11,869	19,472	5,470	6,515
Secretarial costs	5,150	3,571	1,950	931
Travelling and accommodation	3,628	6,328	3,102	3,811
Coffee house overheads	-	13,935	-	-
Office expenses	220,458	153,447	83,731	64,268
Administration costs	94,736	107,346	94,736	102,470
Bank charges	4,968	3,215	3,260	2,265
Other expenses	5,319	193	1,803	1,158
	769,903	**759,072**	**397,706**	**385,007**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES (CONTINUED)

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
(b) Staff costs				
Salaries and wages	176,681	210,526	94,765	97,660
Staff leave accruals	(289)	479	(513)	1,193
Pension costs	20,174	21,885	11,666	12,229
	196,566	**232,890**	**105,918**	**111,082**

12. SELLING AND DISTRIBUTION EXPENSES

Warehousing and storage charges	**44,644**	**46,027**	-	**7,695**

13. NET FINANCE INCOME

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
(a) Finance income				
Interest income	94,691	111,947	14,097	44,667
Realised foreign exchange gain	17,972	29,457	17,970	27,321
Unrealised foreign exchange gain	-	460	-	192
	112,663	**141,864**	**32,067**	**72,180**
(b) Finance cost				
Interest expense	(5,166)	(10,999)	(4,764)	(10,988)
Realised foreign exchange loss	(13,306)	-	(379)	-
Unrealised foreign exchange loss	-	(25)	-	-
	(18,472)	**(11,024)**	**(5,143)**	**(10,988)**
Net finance income	**94,191**	**130,840**	**26,924**	**61,192**

14. PROFIT BEFORE TAXATION

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
The profit before taxation is arrived at after charging/ (crediting):				
Depreciation	134,514	135,710	46,327	48,323
Amortisation of intangible assets	4,996	3,270	4,343	2,434
Amortisation of leasehold land	204	253	102	103
Directors' emoluments:				
- Fees	7,896	3,546	7,896	3,546
- Other remuneration	24,127	30,492	24,127	30,492
Pension costs	12,447	21,885	11,666	12,229
Auditors' remuneration	13,210	12,047	7,078	5,979
Interest expense	5,166	10,999	4,764	10,988
Unrealised exchange losses	-	25	-	-
Realised foreign exchange losses	13,306	-	379	-
Interest income	(94,691)	(111,947)	(14,097)	(44,667)
Unrealised foreign exchange gain	-	(460)	-	(192)
Realised foreign exchange gain	17,972	(29,457)	17,970	(27,321)
Net gain/(loss) on disposal of assets	67,762	(763)	68,597	(562)

15. TAX EXPENSE

	Group		Company	
(a) Statement of comprehensive income	**2018 KShs'000**	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
Current tax expense				
Income tax on the taxable				
Profit for the year at 30%	163,513	211,229	16,632	42,853
Capital gains tax	914	-	914	-
Prior year (over)/ underprovision	13,796	5,978	-	-
Total current tax	178,223	217,207	17,546	42,853
Deferred tax credit				
Deferred tax credit arising from operating activities	(5,765)	(62,478)	(3,418)	(11,450)
Deferred tax (credit)/charge on biological assets fair value	(27,750)	24,524	10,458	15,716
Prior year under/(over) provision	10,575	2,261	6,766	(37)
Total deferred tax charge/ (credit)	(22,940)	(35,693)	13,806	4,229
Taxation expense for the year	**155,283**	**181,514**	**31,352**	**47,082**
Reconciliation of tax expense:				
Accounting profit before taxation	448,806	520,921	448,977	282,139
Tax applicable rate at 30%	134,642	156,276	134,693	84,642
Tax effects of items not allowed for tax or tax exempt	13,636	16,999	(92,741)	(37,523)
Effect of income taxed at 5% (25% variance)	(17,366)	-	(17,366)	-
Prior year under provision:				
- Deferred tax	10,575	2,261	6,766	(37)
- Current tax	13,796	5,978	-	-
	155,283	**181,514**	**31,352**	**47,082**

	Group		Company	
(b) Statement of financial position	**2018 KShs'000**	**2017 KShs'000**	**2018 KShs'000**	**2017 KShs'000**
Balance brought forward	(13,916)	48,463	(30,393)	20,064
Charge for the year	178,223	217,207	17,546	42,853
On loss of control (Note 41)	-	803	-	-
Paid during the year	(236,621)	(280,389)	(8,353)	(93,310)
Balance carried forward	**(72,314)**	**(13,916)**	**(21,200)**	**(30,393)**
Presented as:				
Tax recoverable	(83,756)	(27,817)	(21,200)	(30,393)
Tax payable	11,442	13,901	-	-
	(72,314)	**(13,916)**	**(21,200)**	**(30,393)**

(c) Dividend tax account

The Group and the Company have credit balances on the dividend tax accounts of KShs 835,660,285 (2017 - KShs 1,078,514,207) and KShs 222,519,928 (2017 - KShs 478,537,673), respectively, which include tax payments to 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

16. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit or loss for the year attributable to ordinary equity holders of the parent by the 228,055,500 (2017 - 228,055,500) ordinary shares outstanding during the year. Basic and diluted earnings per share are the same.

	Group		Company	
	2018 KShs	2017 KShs	2018 KShs	2017 KShs
Earnings per share on normal operations	1.13	1.27	1.72	0.87
Earnings per share on biological assets	0.17	0.25	0.11	0.16
Net earnings per share (KShs)	**1.30**	**1.52**	**1.83**	**1.03**

17. DIVIDEND PER SHARE

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting. An Interim dividend of KShs.0.50 (50%). (2017 – 0.25 (25%) was declared and paid on 16 July 2018. The directors recommended the payment of second interim dividend of KShs 0.50 per share (50%) (2017 – KShs 0.75 (75%)). This amounts to total dividend of KShs 1.00 per share (100%) for the year (2017 - KShs 1.00 (100%)). Payment of dividends is subject to withholding tax at the rate of 5% for residents, 10% for non-resident shareholders or 0% depending with the percentage shareholding.

	Group		Company	
	2018 KShs	2017 KShs	2018 KShs	2017 KShs
Dividends per share (KShs)	**1.00**	**1.00**	**1.00**	**1.00**

18. PROPERTY, PLANT AND EQUIPMENT

(a) Group

2018:

	Land and development KShs'000	Bearer plants KShs'000	Building and improvements KShs'000	Plant and machinery KShs'000	Rolling stock and implements KShs'000	Furniture, computers and equipment KShs'000	Total KShs'000
Cost or valuation							
At 1 October 2017	6,766,345	744,300	1,068,905	772,229	259,723	62,272	9,673,774
Transfer from WIP – Note 18(c)	-	-	-	2,201	365	-	2,566
Additions	-	12,426	2,150	8,402	19,336	11,009	53,323
Disposal	-	-	(22,000)	(48,547)	(10,006)	(3)	(80,556)
At 30 September 2018	6,766,345	756,726	1,049,055	734,285	269,418	73,278	9,649,107
Depreciation							
At 1 October 2017	-	561,116	145,313	74,160	44,164	21,311	846,064
Charge for the Period	-	8,829	50,270	36,789	30,874	7,752	134,514
Disposal	-	-	(3,667)	(6,074)	(1,606)	(2)	(11,349)
At 30 September 2018	-	569,945	191,916	104,875	73,432	29,061	969,229
Carrying amount as at 30 September 2018	**6,766,345**	**186,781**	**857,139**	**629,410**	**195,986**	**44,217**	**8,679,878**

2017:

	Land and development KShs'000	Bearer plants KShs'000	Building and improvements KShs'000	Plant and machinery KShs'000	Rolling stock and implements KShs'000	Furniture, computers and equipment KShs'000	Total KShs'000
Cost or valuation							
At 1 October 2016	6,766,345	744,300	1,023,813	763,613	243,264	151,565	9,692,900
Transfer from WIP – Note 18(c)	-	-	1,545	-	-	-	1,545
Additions	-	-	43,547	12,652	33,267	16,316	105,782
Disposal arising from loss of control	-	-	-	-	(2,577)	(102,670)	(105,247)
Disposal	-	-	-	(4,036)	(14,231)	(2,939)	(21,206)
At 30 September 2017	6,766,345	744,300	1,068,905	772,229	259,723	62,272	9,673,774
Depreciation							
At 1 October 2016 as restated	-	551,862	94,111	38,228	20,756	99,670	804,627
Charge for the Period	-	9,254	51,202	36,257	27,263	11,734	135,710
Disposal arising from loss of control	-	-	-	-	(2,481)	(89,783)	(92,264)
Disposal	-	-	-	(325)	(1,374)	(310)	(2,009)
At 30 September 2017	-	561,116	145,313	74,160	44,164	21,311	846,064
Carrying amount as at 30 September 2017	**6,766,345**	**183,184**	**923,592**	**698,069**	**215,559**	**40,961**	**8,827,710**

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group (continued)

The Group's building and freehold land was revalued on 30 September 2014 by Knight Frank Valuers Limited, a firm of registered independent valuers, on the market value existing use basis.

The Group's plant, equipment, machinery, furniture and fittings were revalued on 30 September 2015 by Knight Frank Valuers Limited, registered valuers, on the market value existing use basis.

The carrying values of the property, plant and equipment were adjusted to the revaluations and the resultant surplus and deferred tax effect, was recognised in other comprehensive income and accumulated in equity as at that date.

There were no idle assets at 30 September 2018 and 2017. There was no property given as security as at 30 September 2018 and 2017.

Carrying amount under historical cost

The carrying amount of property, plant and equipment would have been as stated below if property, plant and equipment had been carried under the cost model.

	2018 KShs'000	2017 KShs'000
Cost	2,176,361	2,121,166
Accumulated depreciation	(649,037)	(603,125)
Net book value	**1,527,324**	**1,518,041**

(b) Company

2018

	Land and development KShs'000	Bearer plants KShs'000	Building and improvements KShs'000	Plant and machinery KShs'000	Rolling stock and implements KShs'000	Furniture, computers and equipment KShs'000	Total KShs'000
Cost or valuation							
At 1 October 2017	5,237,345	138,196	378,177	258,156	122,647	41,915	6,176,436
Additions	-	-	2,150	241	-	7,882	10,273
Disposal	-	-	(22,000)	(48,547)	(5,082)	(3)	(75,632)
At 30 September 2018	5,237,345	138,196	358,327	209,850	117,565	49,794	6,111,077
Depreciation							
At 1 October 2017	-	123,887	39,909	23,302	22,792	11,229	221,119
Depreciation	-	582	12,882	11,858	14,929	6,076	46,327
Disposal	-	-	(3,667)	(6,074)	(735)	(2)	(10,478)
As at 30 September 2018	-	124,469	49,124	29,086	36,986	17,303	256,968
Carrying amount As at 30 September 2018	**5,237,345**	**13,727**	**309,203**	**180,764**	**80,579**	**32,491**	**5,854,109**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Company (continued)

2017

	Land and development KShs'000	Bearer plants KShs'000	Building and improvements KShs'000	Plant and machinery KShs'000	Rolling stock and implements KShs'000	Furniture, computers and equipment KShs'000	Total KShs'000
Cost or valuation							
At 1 October 2016	5,237,345	138,196	347,142	253,515	123,310	29,794	6,129,302
Additions	-	-	31,035	8,191	12,023	15,060	66,309
Disposal	-	-	-	(3,550)	(12,686)	(2,939)	(19,175)
At 30 September 2017	5,237,345	138,196	378,177	258,156	122,647	41,915	6,176,436
Depreciation							
At 1 October 2016	-	123,305	25,809	11,773	8,324	5,553	174,764
Depreciation	-	582	14,100	11,815	15,507	6,319	48,323
Disposal	-	-	-	(286)	(1,039)	(643)	(1,968)
As at 30 September 2017	-	123,887	39,909	23,302	22,792	11,229	221,119
Carrying amount as at 30 September 2017	**5,237,345**	**14,309**	**338,268**	**234,854**	**99,855**	**30,686**	**5,955,317**

The Company's building and freehold land was revalued on 30 September 2014 by Knight Frank Valuers Limited, a firm of registered independent valuers, on the market value existing use basis.

The Company's plant, equipment, machinery, furniture and fittings were revalued on 30 September 2015 by Knight Frank Valuers Limited, registered valuers, on the market value existing use basis.

The carrying values of the property, plant and equipment were adjusted to the revaluations and the resultant surplus and deferred tax effect, was recognised in other comprehensive income and accumulated in equity as at that date.

There were no idle and fully depreciated assets at 30 September 2018 and 2017. In addition, there was no property given as security as at 30 September 2018 and 2017.

Carrying amount under historical cost

The carrying amount of property, plant and equipment would have been as stated below if property, plant and equipment had been carried under the cost model.

	2018 KShs'000	2017 KShs'000
Cost	684,222	674,642
Accumulated depreciation	(167,395)	(148,430)
Carrying amount	**516,827**	**526,212**

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Capital work-in-progress

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Balance brought forward	188,688	58,724	71,808	57,179
Additions	368,910	131,509	46,618	14,629
Transfer to property, plant and equipment – Note 18	(2,566)	(1,545)	-	-
	555,032	**188,688**	**118,426**	**71,808**

Capital work-in-progress relates to buildings and leasehold improvements under construction and bearer plants that have not gone through full biological transformation.

19. INTANGIBLE ASSETS

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Cost				
At 1 October	71,754	73,613	28,946	28,393
Opening balance adjustment	-	69	-	-
Additions	16,218	866	15,716	553
Disposals	-	(2,794)	-	-
At 30 September	87,972	71,754	44,662	28,946
Amortisation				
At 1 October	66,883	66,338	25,286	22,852
Opening balance adjustment	63	69	-	-
Charge for the year	4,996	3,270	4,343	2,434
Disposal	-	(2,794)	-	-
At 30 September	71,942	66,883	29,629	25,286
Carrying value at 30 September	**16,030**	**4,871**	**15,033**	**3,660**

Intangible assets relate to software costs.

20. BIOLOGICAL ASSETS

(a) Group

	Current			Non-current			
2018:	Coffee produce KShs'000	Tea produce KShs'000	Sub total KShs'000	Other trees KShs '000	Livestock KShs'000	Sub total KShs'000	Total KShs'000
Carrying value at 1 October 2017	**236,554**	**14,480**	**251,034**	**1,160,212**	**11,167**	**1,171,379**	**1,422,413**
Gains due to biological transformation at fair value	29,646	2,353	31,999	21,579	1,981	23,560	55,559
Decreases due to harvest at fair value	-	-	-	(148,774)	-	(148,774)	(148,774)
	29,646	2,353	31,999	(127,195)	1,981	(125,214)	(93,215)
Immature bushes/trees at cost	-	-	-	1,141	65	1,206	1,206
Other adjustment	-	-	-	(328)	(65)	(393)	(393)
Carrying value as at 30 September 2018	**266,200**	**16,833**	**283,033**	**1,033,830**	**13,148**	**1,046,978**	**1,330,011**

The reconciliation of fair value changes is analysed below:

Carrying value at 1 October 2017	236,554	14,480	251,034	1,160,212	11,167	1,171,379	1,422,413
Changes due to price estimate							
Changes due to yield estimate	29,646	2,353	31,999	(127,523)	1,916	(125,607)	(93,608)
Changes due to immature bushes/ animals	-	-	-	1,141	65	1,206	1,206
Carrying value as at 30 September 2018	**266,200**	**16,833**	**283,033**	**1,033,830**	**13,148**	**1,046,978**	**1,330,011**

2017:							
Carrying value at 1 October 2016	215,384	10,035	225,419	1,083,877	13,159	1,097,036	1,322,455
Gains due to biological transformation at fair value	21,170	4,445	25,615	125,839	(19,501)	106,338	131,953
Decreases due to harvest at fair value	-	-	-	(50,207)	-	(50,207)	(50,207)
	21,170	4,445	25,615	75,632	(19,501)	56,131	81,746
Immature bushes/trees at cost	-	-	-	703	-	703	703
Other adjustment	-	-	-	-	17,509	17,509	17,509
Carrying value as at 30 September 2017	**236,554**	**14,480**	**251,034**	**1,160,212**	**11,167**	**1,171,379**	**1,422,413**

The reconciliation of fair value changes is analysed below:

Carrying value at 1 October 2016	215,384	10,035	225,419	1,083,877	13,159	1,097,036	1,322,455
Changes due to price estimate	-	-	-	27,743	2,269	30,012	30,012
Changes due to yield estimate	21,170	4,445	25,615	47,889	(4,261)	43,628	69,243
Changes due to immature bushes/ animals	-	-	-	703	-	703	703
Carrying value as at 30 September 2017	**236,554**	**14,480**	**251,034**	**1,160,212**	**11,167**	**1,171,379**	**1,422,413**

The Group is involved in the growing, processing and selling of coffee and tea and breeding of dairy cattle. At 30 September 2018, the Group had 95 (2017 - 82) cows able to produce milk, 52 (2017 - 115) calves that are raised to produce milk in the future, 41 (2017 - 11) bull calves and 837 (2017 - 973) sheep. The Group produced 664,739 (2017 - 524,405) litres of milk with a fair value less cost to sell of KShs 40,518,017 (2017 - KShs 24,016,980) in the year.

The Group has 778 hectares of mature coffee bushes. The Group harvested 891,060 (2017 - 850,530) Kgs of coffee.

20. BIOLOGICAL ASSETS (CONTINUED)

(a) Group (continued)

The Group has 1,434. (2017 - 1,434) hectares of mature tea bushes and 29 (2017 - 29) hectares of immature tea bushes. The Group harvested 26,124,495 (2017 - 23,018,565) Kgs of green tea leaves.

(b) Company

	Current		Non-current			
2018:	**Coffee produce KShs'000**	**Sub total KShs'000**	**Other trees KShs '000**	**Livestock KShs'000**	**Sub total KShs'000**	**Total KShs'000**
Carrying value as at 1 October 2017	**190,069**	**190,069**	**53,066**	**3,682**	**56,748**	**246,817**
Gains due to biological transformation at fair value	33,054	33,054	2,008	(315)	1,693	34,747
Decreases due to harvest at fair value	-	-	-	-	-	-
Immature bushes/trees at cost	-	-	1,037	-	1,037	1,037
Carrying value as at 30 September 2018	**223,123**	**223,123**	**56,111**	**3,367**	**59,478**	**282,601**

The reconciliation of fair value changes is analysed below:

Carrying value as at 1 October 2017	190,069	190,069	53,066	3,682	56,748	246,817
Changes due to price estimate						
Changes due to yield estimate	33,054	33,054	2,008	(315)	1,693	34,747
Changes in immature trees/bushes	-	-	1,037	-	1,037	1,037
Carrying value as at 30 September 2018	**223,123**	**223,123**	**56,111**	**3,367**	**59,478**	**282,601**

2017:						
Carrying value as at 1 October 2016	**172,163**	**172,163**	**19,337**	**2,517**	**21,854**	**194,017**
Gains/(losses) due to biological transformation at fair value	17,906	17,906	35,597	1,165	36,762	54,668
Decreases due to harvest at fair value	-	-	(2,280)	-	(2,280)	(2,280)
	17,906	17,906	33,317	1,165	34,482	52,388
Immature bushes/trees at cost	-	-	412	-	412	412
Carrying value as at 30 September 2017	**190,069**	**190,069**	**53,066**	**3,682**	**56,748**	**246,817**

30 September 2017:

The reconciliation of fair value changes is analysed below:

Carrying value as at 1 October 2016	172,163	172,163	19,337	2,517	21,854	194,017
Changes due to price estimate	-	-	-	931	931	931
Changes due to yield estimate	17,906	17,906	33,317	234	33,551	51,457
Changes due to immature trees/bushes	-	-	412	-	412	412
Carrying value as at 30 September 2017	**190,069**	**190,069**	**53,066**	**3,682**	**56,748**	**246,817**

Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value is determined based on the net present value of the expected future cash flows from those assets, discounted at appropriate pre-tax rates.

20. BIOLOGICAL ASSETS (CONTINUED)

(b) Company (continued)

In determining the fair value of biological assets where the discounting of expected cash flows has been used, the directors have made certain assumptions and techniques below:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Tea produce (Level III)	• The valuation model considers the fair value of the un-harvested green leaf as at 30 September 2018. Green leaf volumes were determined by assuming a 7 -day plucking cycle for harvested leaf using October 2018 data. This was then valued using the 2018 similar competitors' out-grower average price.	• Estimated green leaf price per kilogram of KShs 31.80 (2017: KShs 26.80); • Estimated unharvested green leaf volume as at year-end.	The estimated fair value would increase (decrease) if: • The out-grower green leaf prices per kilogram were higher/(lower); • The estimated unharvested volumes were higher/(lower) • The estimated harvest cycle was longer/(shorter)
Coffee produce (Level III)	The valuation model considers the fair value of the un-harvested coffee berries as at 30 September 2018. Coffee berry volumes were determined by assuming an October 2018 – January 2019 harvest cycle for coffeee using budget data. This was then valued using the average auction price per kilogram, adjusted for costs to sell.	• Estimated coffee realisation price per kilogram of KShs 337.01 (2017: KShs 344.33); • Estimated unharvested coffee berry volume as at year-end.	• The estimated fair value would increase (decrease) if: • The realisation price per kilogram were higher/(lower); • The estimated unharvested volumes were higher/(lower) • The estimated exchange rates (USD/KShs) were higher (lower)
Livestock (Level II) Livestock comprises cattle and sheep	Market comparison technique: The fair values are based on the market price of livestock of similar age, weight and market values.	Not applicable	Not applicable
Other trees (Level III)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for periods between 10 and 50 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated future trees realisation price per tree of KShs 1,000 to KShs 6,000 (2017: KShs 1,000 to KShs 6,000); and • Risk-adjusted annual discount rate of 8.3% to 13.75% (2017 - 8.3% to 13.75%).	• The estimated fair value would increase (decrease) if: • The estimated tree prices were higher (lower); and • The risk-adjusted discount rates were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

21. PREPAID LEASES ON LEASEHOLD LAND

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 October	20,285	20,285	8,000	8,000
Disposal	(8,000)	-	(8,000)	-
At 30 September	12,285	20,285	-	8,000
Amortisation				
At 1 October	2,700	2,447	1,026	923
Amortisation during the year	204	253	102	103
Disposal	(1,128)	-	(1,128)	-
At 30 September	1,776	2,700	-	1,026
Carrying value at 30 September	**10,509**	**17,585**	**-**	**6,974**

The Group's leasehold land was revalued on 30 September 2015 by Knight Frank Valuers Limited, a firm of independent valuers, on the market value existing basis. The fair value of the land is estimated at KShs 3.45 billion (2017: KShs 3.48 billion). The revaluation has not been adopted in the financial statements.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Trade investments: Unquoted	525	525	-	-

These relate to unquoted investments classified as available-for-sale and measured at cost.

23. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2018	2017
	KShs'000	KShs'000
As at 1 October	145,797	172,697
Investment in new subsidiaries in the year	-	30,000
Loss of control of subsidiary (note 40 (a))	-	(56,900)
Carrying value at 30 September	**145,797**	**145,797**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

23. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of subsidiary companies which are all incorporated in Kenya are as follows:

Name of subsidiary	2018 Percentage of equity held %	2018 Cost KShs'000	2017 Percentage of equity held %	2017 Cost KShs'000
Kipkebe Limited	100	13,177	100	13,177
Keritor Limited (100% held by Kipkebe Limited)	100	-	100	-
Kipkebe Estates Limited (100% held by Kipkebe Limited)	100	-	100	-
Mweiga Estate Limited	85	101,620	85	101,620
Wahenya Limited (100% held by Mweiga Estate Limited)	85	-	85	-
Aristocrats Tea & Coffee Exporters Limited	100	1,000	100	1,000
Sasini Avocado Limited	100	10,000	100	10,000
Sasini Nuts EPZ Kenya Limited	100	10,000	100	10,000
Sasini EPZ Park Limited	100	10,000	100	10,000
		145,797		**145,797**

Consolidated financial statements have been prepared incorporating the financial statements of the Company and its subsidiaries made up to 30 September 2018 and 2017.

24. INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Raw materials, components	10,771	-	-	-
Made tea	177,961	148,639	-	380
Tea and tree nurseries	5,328	5,428	-	-
Coffee	50,840	31,316	44,292	27,518
Estate stores	174,118	101,924	35,266	41,390
Work in progress	-	4,138	-	4,138
Food and beverages	-	75	-	-
	419,018	291,520	79,558	73,426
Inventories write-offs	(7,306)	(7,306)	-	-
	411,712	**284,214**	**79,558**	**73,426**

The amount of inventories recognised as an expense is KShs 635,098,970 – Group and KShs 148,762,002 – Company (2017 – KShs 465,279,929 – Group and KShs 127,652,232 – Company) which was recognised in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Trade receivables	384,949	581,088	187,628	369,259
Allowances for impairment	(23,441)	(19,904)	(106)	(13,437)
Net trade receivables	361,508	561,184	187,522	355,822
Prepaid expenses	88,903	206,352	18,024	58,649
Other receivables	279,910	229,688	47,905	127,446
	730,321	**997,224**	**253,451**	**541,917**
Allowances for impairment:				
At beginning of the year	19,904	19,904	13,437	13,437
Written off	(19,798)	-	(13,331)	-
Charge for the year	23,335	-	-	-
At the end of the year	**23,441**	**19,904**	**106**	**13,437**
Age analysis of trade receivables:				
Less than 30 days	185,345	428,950	-	275,584
31 to 90 days	97,129	101,420	-	49,055
Over 90 days (past due but not impaired)	79,034	30,814	187,522	31,183
Over 90 days (past due and impaired)	23,441	19,904	106	13,437
	384,949	**581,088**	**187,628**	**369,259**

26. RELATED COMPANIES BALANCES

(a) Amount due from related companies:				
Mweiga Estates Limited	-	-	32,078	106,708
Aristocrats Tea & Coffee Exporters Limited	-	-	32,098	5,669
Sameer Agriculture and Livestock Limited	1,000	1,000	-	-
Kipkebe Limited	-	-	305,769	22,919
Sasni Nut Epz Kenya Limited	-	-	188,763	-
Sasini Epz Park Limited	-	-	194,428	-
Sasini Avocado Limited	-	-	48,946	-
Sameer Investments Limited	-	17,005	-	6,251
	1,000	**18,005**	**802,082**	**141,547**
(b) Amount due to related companies:				
Sameer Investments Limited	-	10	-	-
Sameer Agriculture and livestock limited	-	80	-	-
	-	**90**	**-**	**-**

27. CASH AND CASH EQUIVALENTS

Cash on hand	2,826	2,508	723	620
Bank balances	470,834	398,273	145,045	180,016
Short term deposit	661,949	1,006,095	1,394	344,082
	1,135,609	**1,406,876**	**147,162**	**524,718**

Short term deposits relate to deposits with banks with original maturities of three (3) months or less.

28. SHARE CAPITAL

	Group		Company	
	2018 Kshs'000	2017 Kshs'000	2018 Kshs'000	2017 Kshs'000
Authorised:				
At 1 October and 30 September: 300,000,000 ordinary shares of KShs 1each	**300,000**	**300,000**	**300,000**	**300,000**
Issued and fully paid:				
At 1 October and 30 September: 228,055,500 ordinary shares of KShs 1 each	**228,055**	**228,055**	**228,055**	**228,055**

All shares rank equally with regard to the company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

29. RESERVES

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
a) Non-distributable reserves:				
Revaluation reserve	7,627,565	7,627,565	5,517,443	5,517,443
Capital reserve	98,530	98,530	40,594	40,594
Defined benefit reserve	34,571	26,128	5,249	4,340
Biological assets fair value reserve	198,602	159,711	118,396	94,073
	7,959,268	**7,911,934**	**5,681,682**	**5,656,450**
b) Distributable reserves:				
Retained earnings	2,727,309	2,698,759	1,174,032	1,008,786
Proposed dividends	114,028	171,042	114,028	171,042
	2,841,337	**2,869,801**	**1,288,060**	**1,179,828**
c) Non-controlling interest	**295,123**	**306,087**	**N/A**	**N/A**

The following table summarises the information relating to each of the Group's subsidiaries that has a material Non- Controlling interest before inter- group eliminations;

29. RESERVES (CONTINUED)

(c) Non-controlling interest (continued)

30 September 2018 In KShs'000 NCI percentage	Mweiga Estate Limited 15%	Wahenya Limited 15%	Total NC
Non-current assets	1,500,974	-	
Current assets	403,875	335,835	
Non-current liabilities	(76,105)	-	
Current liabilities	(120,234)	(76,856)	
Net current assets underly NCI	**1,708,510**	**258,979**	
Underlying NCI	**256,276**	**38,847**	**295,123**
Revenue	116,604	-	
Profit	(23,253)	10,096	
OCI	67	-	
Total comprehensive income	**(23,186)**	**10,096**	
Profit allocated to NCI	(3,488)	1,514	(1,974)
OCI allocated to NCI	10	-	10
Cash flows from operating activities	10,596	(12,703)	
Cash flows from investing activities	47,419	-	
Cash flows from financing activities	(60,000)	(40,000)	
Net indecrease in cash and cash equivalents	**(1,985)**	**(52,703)**	

30 September 2017 In KShs'000 NCI percentage	Mweiga Estate Limited 15%	Wahenya Limited 15%	Total NC
Non-current assets	1,555,271	-	
Current assets	674,903	366,003	
Non-current liabilities	(80,854)	-	
Current liabilities	(397,620)	(77,120)	
Net current assets underly NCI	**1,751,700**	**288,883**	
Underlying NCI	**262,755**	**43,332**	**306,087**
Revenue	147,940	-	
Profit	(49,213)	4,037	
OCI	1,349	-	
Total comprehensive income	**2,914**	**4,037**	
Profit allocated to NCI	(7,382)	606	(6,776)
OCI allocated to NCI	202	-	202
Cash flows from operating activities	17,348	35,074	
Cash flows from investing activities	(19,846)	-	
Cash flows from financing activities	(55,000)	-	
Net indecrease in cash and cash equivalents	**(57,498)**	**35,074**	

Revaluation reserve

The revaluation reserve relates to increases in the fair value of property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Defined benefit reserve

Defined benefit reserve relates to remeasurement of post-employment benefits at the reporting date. The remeasurements comprise of actuarial gains and losses on valuation of the gratuity scheme.

Biological assets fair value

The biological assets fair value relates to increases in the fair value of biological assets and decreases to the extent that such decrease relate to an increase on the same asset previously recognised in equity. The fair value movements are recognised in profit and loss but for purposes of monitoring the distribution of these reserves, the directors have transferred the amounts from retained earnings to equity.

Capital reserve

The capital reserves relates to historical reserves that are non-distributable.

30. DEFERRED TAX ASSET/LIABILITY

Recognised deferred tax assets/liabilities:

Deferred tax liabilities and assets during the year arose from the following:

		Prior year	Current year movement			
Group 2018:	**Balance at 1 October KShs '000**	**under/ (over) through P&L KShs '000**	**through P&L KShs '000**	**Loss of control KShs '000**	**through OCI KShs '000**	**Balance at 30 September KShs '000**
Property, plant and equipment	737,084	-	(23,365)	-	-	713,719
Other temporary differences	(208,277)	9	24,460	-	3,623	(180,185)
Biological assets	421,223	5,254	(27,750)	-	-	398,727
Tax losses	(55,280)	5,312	(6,860)	-	-	(56,828)
	894,750	**10,575**	**(33,515)**	**-**	**3,623**	**875,433**

		Prior year	Current year movement			
Group 2017:	**Balance at 1 October KShs '000**	**under/ (over) through P&L KShs '000**	**through P&L KShs '000**	**Loss of control KShs '000**	**through OCI KShs '000**	**Balance at 30 September KShs '000**
Property, plant and equipment	747,889	-	(18,826)	8,021	-	737,084
Other temporary differences	(160,179)	2,595	(39,996)	583	(11,280)	(208,277)
Biological assets	396,422	277	24,524	-	-	421,223
Tax losses	(68,601)	(611)	(3,656)	17,588	-	(55,280)
	915,531	**2,261**	**(37,954)**	**26,192**	**(11,280)**	**894,750**

		Prior year	Current year movement			
Company 2018:	**Balance at 1 October KShs '000**	**under/ (over) through P&L KShs '000**	**through P&L KShs '000**	**Loss of control KShs '000**	**through OCI KShs '000**	**Balance at 30 September KShs '000**
Property, plant and equipment	320,217	-	5,005	(11,703)	-	313,519
Other temporary differences	(27,873)	2	1,599	8,285	390	(17,597)
Biological assets	73,883	-	162	10,458	-	84,503
	366,227	**2**	**6,766**	**7,040**	**390**	**380,425**

		Prior year	Current year movement			
Company 2017:	**Balance at 1 October KShs '000**	**under/ (over) through P&L KShs '000**	**through P&L KShs '000**	**Loss of control KShs '000**	**through OCI KShs '000**	**Balance at 30 September KShs '000**
Property, plant and equipment	327,270	-	-	(7,053)	-	320,217
Other temporary differences	(24,201)	-	-	(4,397)	725	(27,873)
Biological assets	58,204	-	(37)	15,716	-	73,883
	361,273	**-**	**(37)**	**4,266**	**725**	**366,227**

30. DEFERRED TAX ASSET/LIABILITY (CONTINUED)

Presented in the statement of financial position as below:

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Entities with net deferred tax asset	(6,997)	(97)	-	-
Entities with net deferred tax Liability	882,430	894,847	380,425	366,227
	875,433	**894,750**	**380,425**	**366,227**

Unrecognised deferred tax asset:

Deferred tax assets of KShs 54,254,023 have not been recognised in respect of tax losses relating to a subsidiary, Wahenya Limited because it is not probable that future taxable profit will be available against which the Group or subsidiary can use the benefits therefrom. The amount was derecognised in 2017.

Tax losses:

The tax losses expire within 9 years following the year they arose under the current tax laws. The ageing of tax losses for the Group is as below:

(a) Unrecognised

Year of origin	Amounts KShs	Year of expiry
2011	96,461,636	2020
2012	41,091,807	2021
2013	17,604,187	2022
2014	13,076,943	2023
2015	12,612,170	2024
Total	**180,846,743**	

(b) Recognised

Year of origin	Amounts KShs	Year of expiry
2012	44,490,597	2021
2013	76,100,233	2022
2014	21,297,246	2023
2015	5,215,012	2024
2016	18,743,979	2025
2018	23,580,830	2027
Total	**189,427,897**	

31. POST EMPLOYMENT BENEFITS

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	322,962	259,467	27,256	25,568
Paid during the year	(32,430)	(22,082)	(1,190)	(1,109)
Charge for the year	53,673	47,978	5,500	5,215
Remeasurements	(12,075)	37,599	(1,299)	(2,418)
Balance carried forward	**332,130**	**322,962**	**30,267**	**27,256**
Non-current portion	296,088	281,360	24,593	22,327
Current portion	36,042	41,602	5,674	4,929
	332,130	**322,962**	**30,267**	**27,256**
Charged to profit or loss				
Current service costs	14,703	13,547	2,028	1,712
Interest costs	38,970	34,431	3,472	3,503
	53,673	**47,978**	**5,500**	**5,215**
Charged to other comprehensive income (OCI)				
Actuarial (gain)/ loss on obligation	(12,075)	37,599	(1,299)	(2,418)
Related tax	3,622	(11,280)	390	725
Net amount to OCI	**(8,453)**	**26,319**	**(909)**	**(1,693)**

The post employment benefit relates to provision for staff gratuity. The Company has entered into collective bargaining agreements with trade unions representing its employees that provide for gratuity payments on age and ill-health, retirement, withdrawal, resignation and death in-service of an employee. The gratuity arrangements are unfunded.

An actuarial valuation was carried out by The Actuarial Services Company Limited, registered actuaries, as at 30 September 2017 and 2018.

The principle assumptions used were as follows:

	2018	2017
Discount rate	11.81%	12.39%
Future salary increases	10.00%	10.00%

Sensitivity analysis

The results of the actuarial valuation are more sensitive to changes in financial assumptions than to changes in demographic assumptions. A 1% change in the discount rate or salary at the reporting date holding other factors constant would have changed the liability to amounts shown below.

	Group		Company	
A 1% increase in discount rate:	Increase	Decrease	Increase	Decrease
Liability at 30 September 2018 (KShs '000)	311,814	354,646	28,093	32,772
Liability at 30 September 2017 (KShs '000)	303,402	344,690	25,314	29,488

	Group		Company	
A 1% increase in salaries:	Increase	Decrease	Increase	Decrease
Liability at 30 September 2018 (KShs '000)	354,630	311,496	32,795	28,042
Liability at 30 September 2017 (KShs '000)	344,753	303,034	29,520	25,260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
Trade payables	60,266	33,901	34,364	65,875
Other payables	351,329	513,595	76,566	117,831
	411,595	**547,496**	**110,930**	**183,706**

33. CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Profit before tax	448,806	520,921	448,977	282,139
Adjustments for:				
Depreciation and amortisation	139,714	139,233	50,772	50,860
Unrealised foreign exchange (gain)/ Loss on borrowings and cash	(5,538)	(435)	(1,448)	(192)
Interest income	(94,691)	(111,947)	(14,097)	(44,667)
Interest cost	5,166	10,999	4,764	10,988
Gratuity provision	53,673	47,978	5,500	5,215
(Gain)/loss on disposal of land, property and equipment	(67,762)	763	(68,597)	562
(Gain)/loss on disposal of subsidiary (Note 40(a))	-	(16,900)	-	27,899
Dividend income	-	-	(301,000)	(200,000)
Biological assets adjustments	393	(17,509)	-	-
Biological asset transformation	(55,559)	(131,953)	(34,747)	(54,668)
Biological assets harvest	148,774	50,207	-	2,280
Operating profit before working capital changes	**572,976**	**491,357**	**90,124**	**80,416**
Working capital changes:				
Inventories	(127,498)	80,310	(6,132)	21,297
Trade and other receivables	266,903	(543,645)	288,466	(401,054)
Related party balances	16,915	(16,049)	(660,535)	177,824
Trade and other payables	(135,901)	61,926	(72,776)	3,330
Cash flows generated from/(used in) operating activities	**593,395**	**73,899**	**(360,853)**	**(118,187)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONTINUED)

34. RELATED PARTY TRANSACTIONS

The Group shares common directors with some of its subsidiary companies and suppliers, to and from whom goods and services were supplied during the year under review. The following transactions were entered into with these related parties:

(a) Purchase of goods and services

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Ryce East Africa Limited	1,659	17,767	1,340	1,943
Ryce Engineering Limited	31	-	31	-
Yansam East Africa Limited	-	393	-	-
Sameer Investments Limited	-	1,482	-	123
Sameer Management Limited	3,150	3,496	-	49
Sameer Agriculture Limited	293	912	262	43
Sameer Business Park Limited	-	1,267	-	-
Yana Tyre Centre	1,642	1,123	1,367	1,106
	6,775	**26,440**	**3,000**	**3,264**

(b) Key management compensation (excluding director's emoluments)

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Short term employee benefits	51,730	53,205	32,132	32,467
Post-employment benefits	5,196	5,126	3,337	3,337
	56,926	**58,331**	**35,469**	**35,804**

(c) Director's emoluments

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Fees	7,896	3,546	7,896	3,546
Other remuneration	24,127	30,492	24,127	30,492
	32,023	**34,038**	**32,023**	**34,038**

Other details in relation to related party balances are disclosed in Note 26.

35. CAPITAL COMMITMENTS

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Authorised and contracted for	**24,972**	**107,166**	**17,476**	**44,350**

36. CONTINGENT LIABILITIES

There are certain pending legal claims brought against the Group and Company at 30 September 2018 and 2017. In particular, litigations relating to Collective Bargaining Agreement for one of the subsidiaries for the years 2014 and 2015 is pending determination at the Court of Appeal. In the opinion of the directors and after taking appropriate legal advice the outcome of the legal claims will not give rise to any significant loss beyond the amounts provided for in these financial statements.

37. OPERATING LEASE RENTALS

The group has leased out office space from third parties. Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Less than one year	16,296	15,159	16,296	15,159
One year to five years	56,468	71,087	56,468	71,087
Over five years	-	-	-	-
	72,764	**86,246**	**72,764**	**86,246**

During the year KShs 14,379,876 (2017: KShs 10,053,240) lease rentals was expensed in the group profit or loss.

38. EVENTS AFTER REPORTING DATE

There were no significant events after the reporting date with a financial statement impact at 30 September 2018.

39. BORROWINGS

There were no significant events after the reporting date with a financial statement impact at 30 September 2017.

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Balance as at 1 October 2017	100,852	-	100,852	-
Amounts borrowed during the year	175,969	455,329	175,969	455,329
Repayment of loan in the year	(276,821)	(356,674)	(276,821)	(356,674)
Exchange loss	-	1,745	-	1,745
Accrued interest	-	452	-	452
Balance at 30 September	**-**	**100,852**	**-**	**100,852**

During the year, Sasini PLC obtained an unsecured short term loan from Barclays Bank Kenya Limited of USD 1.7 million. The interest rate charged on the loan is 6% per annum above 3 months LIBOR on maturity of the facility.

40. LOSS OF CONTROL

On 5 April 2017, the Group sold its subsidiary, Savannah Coffee House Limited (formerly Sasini Coffee House Limited). The effect of the disposal on the consolidated and separate financial statements of the Company was as follows:

(a) (Assets)/Liabilities sold

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Property and equipment	-	(12,983)	-	-
Deferred tax asset	-	(26,192)	-	-
Trade and other receivables	-	(2,499)	-	-
Investment in subsidiary	-	-	-	(56,900)
Amounts due from subsidiary	-	-	-	(12,999)
Tax recoverable	-	(803)	-	-
Cash and bank balances	-	(829)	-	-
Trade and other payables	-	1,473	-	-
Total net assets	**-**	**(41,833)**	**-**	**(69,899)**
Non-controlling interest at 40%	-	16,733	-	-
Share of net assets disposed	**-**	**(25,100)**	**-**	**(69,899)**
Consideration received	-	42,000	-	42,000
Gain/(loss) on disposal	**-**	**16,900**	**-**	**(27,899)**

(b) Reconciliation to statement of cashflows

	Group		Company	
	2018 KShs'000	2017 KShs'000	2018 KShs'000	2017 KShs'000
Consideration received	-	42,000	-	42,000
Cash and bank balances disposed	-	(829)	-	-
Net cash inflows	**-**	**41,171**	**-**	**42,000**

FIVE YEAR COMPARATIVE STATEMENTS

	2018	2017	2016	2015	2014
PRODUCTION AND SALES STATISTICS					
TEA					
Area – Hectares	1,463	1,463	1,463	1,463	1,465
Production – Tonnes	10,804	11,209	11,108	8,578	11,564
Sales – Tonnes	10,603	11,280	10,721	8,967	11,495
Sales proceeds - KShs/Kg	207	206	193	179	158
COFFEE					
Area – Hectares	775	775	775	775	912
Production – Tonnes	891	851	944	993	1,153
Sales – Tonnes	873	882	993	993	1,209
Sales proceeds - KShs'000/tonne	436	532	465	435	417
RESULTS	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Turnover	3,515,220	4,201,195	3,570,629	2,786,126	2,762,547
Gains/(losses) arising from changes in fair value less costs to sell	55,559	81,746	(117,997)	866,796	(99,100)
Profit before taxation and non-controlling interest	448,806	520,921	759,818	1,878,274	3,280
Taxation (charge)/credit	(155,283)	(181,514)	(182,833)	(189,725)	1,182
Profit after taxation before non-controlling interests	**293,523**	**339,407**	**576,985**	**1,688,548**	**45,421**
Made up as shown below:					
Profit arising from operating activities	256,606	288,961	670,253	955,342	93,027
Profit/(loss) arising from changes in fair value less costs to sell after tax	38,891	57,222	(82,598)	606,757	(69,370)
Non-controlling interest	(1,974)	(6,776)	(10,670)	126,449	21,764
	293,523	**339,407**	**576,985**	**1,688,548**	**45,421**
Dividends	**(228,056)**	**(228,056)**	**(342,083)**	**(285,069)**	**(57,014)**

Sasini

FIVE YEAR COMPARATIVE STATEMENTS (CONTINUED)

CAPITAL EMPLOYED	2018 KShs '000	2017 KShs '000	2016 KShs '000	2015 KShs '000	2014 KShs '000
Property, plant and equipment	8,679,878	8,827,710	8,888,273	8,972,529	8,573,631
Intangible assets	16,030	4,871	7,275	8,393	8,210
Biological assets	1,046,978	1,171,379	1,097,036	1,180,592	396,865
Prepaid leases - leasehold land	10,509	17,585	17,838	18,473	20,074
Capital work-in-progress	555,032	188,688	58,724	33,358	29,678
Other investments	525	525	525	525	525
Deferred tax asset	6,997	97	26,192	77,070	23,070
Net current assets	2,186,352	2,281,229	2,439,953	1,836,511	875,212
	12,502,301	**12,492,084**	**12,535,816**	**12,127,451**	**9,927,265**
FINANCED BY					
Share capital	228,055	228,055	228,055	228,055	228,055
Reserves	10,686,577	10,610,693	10,527,681	10,512,102	8,466,914
Non-controlling interests	295,123	306,087	320,800	346,780	241,755
Proposed dividend	114,028	171,042	285,069	57,014	57,014
Equity	11,323,783	11,315,877	11,361,605	11,143,951	8,993,738
Non-current liabilities	1,178,518	1,176,207	1,174,211	983,500	933,527
	12,502,301	**12,492,084**	**12,535,816**	**12,127,451**	**9,927,265**
RATIOS					
Earnings per share on operating activities (KShs)	1.13	1.27	2.94	4.19	0.41
Earnings/(loss) per share on biological assets (KShs)	0.17	0.25	(0.36)	2.66	(0.30)
Dividend per share (KShs)	1.00	1.00	1.50	1.25	0.25
Dividend cover (times covered)	1.13	1.27	1.96	3.35	1.63
Capital employed per share	54.82	54.78	54.97	53.18	43.53

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FORM OF PROXY/ FOMU YA UWAKILISHI

I/ We...

Of.. being a member/

members of Sasini Plc, do hereby appoint...

of ....

or failing him/her

....of..

failing whom, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/ our behalf at the Annual General Meeting of the Company to be held on Friday, 8 March 2019 and at any adjournment thereof.

As witness my/our hand(s) this.. day of 2019

Signature ....

Notes:

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his/her stead and a proxy need not be a member of the Company.

2. In the case of a member being a Limited Company this form must be completed under its Common Seal or under the hand of an officer or attorney duly authorised in writing.

3. The Proxy Form must be delivered to Image Registrars Limited not later than Wednesday, 6 March 2019 at 11.00 a.m.

Completed Proxy Forms should be sent by post to Image Registrars Limited of P O Box 9287, 00100 Nairobi or hand delivered to their offices at Barclays Plaza, 5th Floor, Loita Street. Alternatively, duly signed proxies can be scanned and emailed to **info@image.co.ke** in PDF format.

Mimi/Sisi ....

Wa...kama mwanachama

mwanachama wa Sasini Plc, namteua ....wa

....au

akikosa yeye...wa..

na iwapo hataweza kuhudhuria, mwenyekiti wa Mkutano, kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/ yetu katika Mkutano Mkuu wa Kila Mwaka wa Kampuni utakaoandaliwa mnamo tarehe 8 Machi 2019 au wakati wowote ule endapo utaahirishwa.

Kama mashahidi sahihi yangu/yetu siku hii tarehe....................mwezi wa 2019

Sahihi ....

Maelezo:

1. Mwanachama aliye na haki ya kuhudhuria na kupiga kura ana haki ya kuteua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake na sio lazima mwakilishi awe mwanachama wa Kampuni.

2. Iwapo mwanachama ni kampuni ya dhima yenye kikomo, hii fomu ni lazima ijazwe chini ya nembo yake au mbele ya afisa au wakili ambaye ataidhinishwa kwa maandishi.

3. Fomu ya Uwakilishi ni lazima iwasilishwe kwa Image Registrars kabla ya Jumatano, 6 Machi 2019 saa 5 asubuhi.

Fomu za Uwakilishi zinapasa kutumwa kwa posta kwa Image Registrars Limited wa SLP 9287, 00100 Nairobi au kwa mkono katika afiza zao zilizoko jumba la Barclays Plaza, ororfa ya 5, Loita Street. Badala yake, fomu za uwakilishi zilizojazwa na kutiwa sahihi zinaweza pia kutolewa nakala na kutumwa kwa barua pepe kwa **info@image.co.ke** kwa umbo la PDF.

FOLD 2

Affix
Stamp
Here

The Company Secretary
Sasini PLC
P.O. BOX 30151
00100 GPO
Nairobi
Kenya

FOLD 1

Sasini

FOLD 3

DIRECTIONS TO KAMUNDU

Sasini

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