



2

Company Information

2

Notice of Meeting

4-5

Chairman's Statement

Taarifa ya Mwenyehiti

6

Salient Features and Financial Calendar

7-8

Report of the Directors

Ripoti ya Wahurugenzi

Q

Report of the Auditors

10

Consolidated Profit and Loss Account

11

Consolidated Balance sheet

12

Company Balance sheet

13

Consolidated Cash Flow Statement

14

Notes to the Consolidated Cash Flow Statement

15-23

Notes to the Financial Statements

24

Five Year Comparative Statement

25

Graphical Highlights

27

Form of Proxy





Poly Carlo

2

Company Information

3

Notice of Meeting

4-5

Chairman's Statement

Taarifa ya Mwenyektti

λ

Salient Features and Financial Calendar

2.1

Report of the Directors

Ripoti ya Wakurugenzi

6

Report of the Auditors

10

Consolidated Profit and Loss Account

11

Consolidated Balance sheet

12

Company Balance sheet

13

Consolidated Cash Flow Statement

14

Notes to the Consolidated Cash Flow Statement

15-23

Notes to the Financial Statements

24

Five Year Comparative Statement

25

Graphicai Highlights

27

Form of Proxy





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Company Information

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#### **DIRECTORS**

M W Harley (Chairman)

N N Merali, EBS

I A Timamy

G W Gichuki, BA (Alternate C G Mwangi)

H A Valentine

M N Omar

A H Butt, CPA (Kenya), FCCA

M H Da Gama-Rose, BA

D A Schumacher, BSME (Managing)\*

\*American

#### SECRETARY

Njuguna Waititu, CPS (Kenya)

#### REGISTERED OFFICE

Sasini House, Loita Street, P O Box 30151, Nairobi

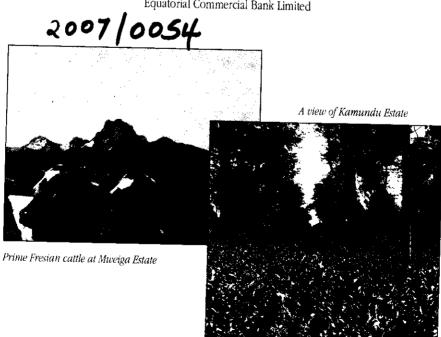
#### **AUDITORS**

Coopers & Lybrand, Certified Public Accountants of Kenya P O Box 30158, Nairobi

#### **BANKERS**

Barclays Bank of Kenya Limited Kenya Commercial Bank Limited First American Bank of Kenya Limited Equatorial Commercial Bank Limited





# Notice of Meeting

Notice is hereby given that the 45th Annual General Meeting of the members will be held at Serena Hotel, Nairobi on Friday, 7th March, 1997 at 11.00 am for the following purposes:

- To confirm the minutes of the 44th Annual General Meeting held on 28th March, 1996.
- To receive, consider and if deemed fit, adopt the financial statements for the year ended 30th September, 1996 together 2. with the reports thereon of the directors and of the auditors.
- To confirm the interim dividend of 20% paid on 16th August, 1996 and to declare a final dividend of 30%. 3.
- To elect Directors. 4.
- To confirm the Directors' emoluments.
- To authorise the Directors to fix the auditors' remuneration. 6.
- To transact any other business which may be transacted at an Annual General Meeting. 7.

By order of the Board

#### NIUGUNA WAITITU

Company Secretary

Nairobi

27th January, 1997



Ripe coffee herries at Tinganga Estate

#### **NOTES**

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such a proxy need not be a member of the company. A form of proxy is attached on page 27.

The final dividend, if approved, will be paid on or about 10th March, 1997, to members on the register at close of business on 19th February, 1997.

# Chairman's Statement

I am pleased to report that 1995/96 has been a dynamic and transitional year for Sasini Tea and Coffee Limited. Most of the change has been in the tea operations where the recent capital investment and enhanced management practices have brought about measurable improvements in quality and sales realisations. This year our coffee estates have produced a record crop. Although sales of tea this year were 10% lower than the previous year at 4,957 tonnes, the average price was 38% higher per kilogram. Considerable effort has been made to raise the standard of manufacture while completing a 3 year expansion programme. Our tea quality has dramatically improved, attracting higher prices at the Mombasa auction and increased interest from new international buyers.

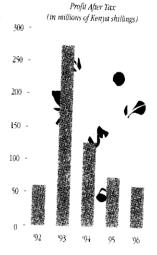
This was a very good production year for coffee. Our 7 coffee estates produced 1,471 tonnes of quality coffee, an increase of 30% over the previous year. Sales volume also rose to 1,616 tonnes, an increase of 49% over last year. Mweiga Estate Ltd., in particular had a record year with sales of over 650 tonnes of coffee. However, these achievements were tempered by the average sale price per tonne being 17% lower than the previous year.

Financially this has been a successful year. Group profit before the share of profits of the Associated Company, depreciation charges and taxation increased by 61% over last year to Kshs 174.9 million, up from Kshs 108.9 million. However, the reported profit after tax was down by Kshs 12.9 million from Kshs 76.3 million to Kshs 63.4 million primarily due to the heavy depreciation charges resulting from the revaluation of the group assets which took place in 1995. The group depreciation charge in 1995/96 was Kshs 85.4 million an increase of Kshs 50.1 million over the previous year's charge of Kshs 35.3 million. We also incurred higher tax charges. These were mainly due to reduced investment allowances which we had enjoyed in

previous years on capital equipment installed in the tea factories. Added to that, was the substantially lower profit from our associate company Garton Limited. The Ark Limited, in which we have a minority share through Mweiga Estate Limited, produced a good result and paid a dividend of Kshs 4.6 million.

You will be aware that the dividend per share this year has been reduced to 50% from 60%. This is in line with our policy to pay dividends from the available profit after tax and not to utilise accumulated reserves for this purpose. I believe you will share my opinion that this is a healthy policy which will ensure a continued steady dividend distribution in future years.

In last year's statement I announced that the recent appointment of a new management team should lead to a unified effort towards a more profitable and dynamic company. I am pleased to report that the management team has made significant progress in improving the overall production quality and operating profit of the group.



In closing, one must appreciate that agricultural businesses always face the vagaries of weather which not only affects production, but also world market forces and commodity prices. Since the supply and market conditions for our two commodities are seldom in step with each other, Sasini is often able to balance the fortunes of one commodity against that of the other. The 1996/97 financial year forecast is that our group will produce and sell more tea but less coffee. Coffee production will be lower due to unfavourable climatic conditions. However, with commodity prices improving, our aim this coming year is to exceed the 1995/96 profit attributable to the members of Sasini Tea and Coffee Ltd.

M. W. HARLEY

Chairman

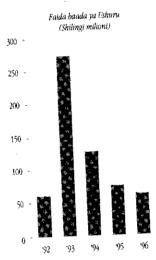
# $m{T}$ aarifa ya Mwenyekiti

Nina furaha kuarifu kwamba kipindi cha mwaka 1995/96 kimekuwa cha ajabu na cha mpito kwa kampuni ya Sasini Tea and Coffee Limited. Mabadiliko makubwa yamekuwa ni kwenye shughuli za majani chai ambapo uwekaji rasilimali wa hivi karibuni na muimarisho wa nyanja za usimamizi umeleta mafanikio ya kuridhisha ya ubora na mauzo. Mwaka huu mashamba yetu ya kahawa yametoa mazao mengi ambayo hayajawahi kupatikana hapo awali.

Japokuwa mauzo ya majani chai kipindi cha mwaka huu yamekuwa asilimia 10 chini yakilinganishwa na kipindi cha mwaka uliotangulia ikiwa ni tani 4957, bei ya wastani ilikuwa ni asilimia 38 zaidi kwa kilo. Juhudi ya kutosha imetekelezwa kuinua viwango vya uzalishaji huku tukikamilisha mpango wa miaka mitatu wa upanuzi. Ubora wa majani chai yetu umeimarika zaidi na kupata bei za juu kwenye mnada wa Mombasa na kuwavutia zaidi wanunuzi wapya wa kimataifa.

Kipindi hiki kilikuwa ni kizuri sana kwa uzalishaji wa kahawa. Mashamba yetu saba ya kahawa yalitoa tani 1471 za kahawa ya hali ya juu, ongezeka la asilimia 30 dhidi ya kipindi kilichotangulia. Idadi ya mauzo pia iliongezeka kwa tani 1,616, ongezeko la asilimia 49 zaidi ya kipindi cha mwaka uliotangulia. Haswa shamba la Mweiga Estate Limited, lilikuwa na mwaka uliotangulia rekodi kwa mauzo yaliyozidi tani 650 za kahawa. Hata hivyo, mafanikio haya yaliathiriwa na bei za wastani za mauzo kwa kila tani kuwa asilimia 17 chini zaidi kuliko za kipindi cha mwaka uliotangulia.

Kifedha kipindi hiki kimekuwa cha mafanikio. Faida za kundi la kampuni kabla ya faida kutoka kwa kampuni mshrika gharama za kushuka thamani na za ushuru zimeongezeka kwa asilimia 61 zaidi ya kipindi cha mwaka jana kufikia Kshs. Milioni 174.9, ongezeko la kutoka Kshs. Milioni 108.9. Hata hivyo faida baada ya kutozwa ushuru iliyo arifiwa imeshuka kwa Kshs. Milioni 12.9 kutoka Kshs. Milioni 76.3 hadi Kshs. Milioni 63.4, kimsingi kwa ajili ya gharama za kupunguwa thamani kufuatia kutathamini upya mali za kundi la makampuni kulikotekelezwa mwaka wa 1995. Gharama ya kupunguwa thamani kwa mali za kundi katika kipindi cha mwaka 1995/96 ilikuwa ni Kshs. Milioni 85.4 ongezeko la Kshs. Milioni 50.1 zaidi ya kipindi cha mwaka



uliotangulia cha Kshs. Milioni 35.3. Pia tulipata gharama za juu zaidi za ushuru. Hii ilikuwa zaidi ni kwa ajili ya upungufu wa ruzuku ya uwekaji rasilimali iliyokuwa ikitufaidi katika miaka iliyotangulia kwenye vifaa vya uzalishaji vilivyofungwa kwenye viwanda vya majani chai. Mbali na hayo ilikuwa ni kwa ajili ya faida ndogo sana tuliyopata kutoka kwa kampuni yetu shirika ya Garton Limited. Kampuni ya The Ark Limited,ambayo tunaimiliki kwa hisa chache kupitia Mweiga Estate Limited, ilikuwa na matokeo mema na ikatupatia mgawo wa Kshs. Milioni 4.6.

Utafahamu kwamba mgawo kwa hisa mwaka huu umepunguzwa hadi asilimia 50 toka asilimia 60. Hii ni kuambatana na mfumo wetu wa kulipa mgawo kutokana na faida iliyopo baada ya ushuru na si kwa kutumia malimbikizo ya mabaki kwa minaajili haya. Ninaamini utakubaliana nami kwamba huu ni mtindo mzuri utakao hakikisha maendeleo imara ya kutolewa mgawo katika miaka ijayo.

Kwenye taarifa ya mwaka jana niliarifu kwamba uteuzi wa hivi karibuni wa timu mpya ya usimamizi utaweza kuleta hatua ya pamoja kufikia kampuni kabambe yenye mapato ya faida. Nina furaha ya kuripoti kwamba timu hiyo ya usimamizi imeleta mafanikio muhimu katika kuimarisha ubora na faida ya utekelezaji wa kundi.

Kwa kumaliza, ingefaa tukubaliane kwamba biashara ya ukulima mara nyingi hukabiliana na mabadiliko ya hali ya hewa ambayo haikabili uzalishaji tuu bali huathiri soko la dunia na bei ya mazao. Kwa kuwa hali za uzalishaji na masoko ya bidhaa zetu mbili mara nyingi huenda sambamba, aghalabu kampuni ya Sasini huweza kulinganisha mapato ya bidhaa moja dhidhi ya nyengine, kipindi cha mwaka wa fedha cha 1996/97 kinatabiri kwamba kundi letu litazalisha na kuuza majani chai mengi nyengine, kipindi cha mwaka wa fedha cha 1996/97 kinatabiri kwamba kundi letu litazalisha na kuuza majani chai mengi nyengine, kipindi cha mwaka wa fedha cha 1996/97 kinatabiri kwamba kundi letu litazalisha na kuuza majani chai mengi lakini kahawa adimu. Uzalishaji kahawa utapunguwa kwa ajili ya hali mbaya za hewa. Hata hivyo huku bei ya mazao ikiimarika, lengo letu katika mwaka huu ujao ni kutoa faida itakayo zidi hii itakayotolewa kipindi hiki cha 1995/96.

M W HARLEY Mwenyekiti

# Salient Features and Financial Calendar

		1996	1995
TURNOVER	KShs'000	52 <b>5,</b> 856	423,498
Profit after taxation and minority interests	KShs¹000	63,444	76,374
Dividends per ordinary stock unit (gross)	KShs	2.50	
Shareholders' Funds	KShs'000	<b>2,217,16</b> 9	3.00
Report and Ringmoid Co.		2,217,109	2,217,074

Report and Financial Statements circulated February, 1997

#### DIVIDENDS

Interim

KShs. 1.00 per stock unit paid 16th August, 1996

Final Proposed

KShs. 1.50 per stock unit payable March, 1997

#### STATISTICS

The following statistics relating to the group's tea and coffee activities give a comparison of the results achieved on the estates during the last two years. A five year comparative statement is given on page 24.

	1	EA	CO	COFFEE	
Sasini and Subsidiaries	1996	1995	1996	1995	
Area - Hectares Production - Tonnes Sales - Tonnes	1,221 5,118 4,957	1,221 5,210 5,497	840 1,471 1,616	840 1,135 1,085	
Net sales proceeds:				1,000	
Tea - Kshs/Kg	60.12	43.66	**************************************		
Coffee - Kshs'000/tonne				-	
Associated Company		-	्रें ्रें इ	163	
Garton Limited (year ended 31st December, 1995)					
Area - Hectares Production - Tonnes		-	284 525	284 484	



The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30th September, 1996.

#### Activities

The principal activities of the company and its subsidiaries are the growing and processing of tea and coffee, investment in equity and property, forestry and the breeding of dairy and beef cattle.

#### **Group Results and Dividends**

Profits of the group (including share of the profits of the associated company) before taxation amounted to Kshs 104,300,000 (1995)  $\hbox{- Kshs 106,220,000)}. The profits for the year ended 30 th September 1996 have been shown after deducting additional depreciation$ amounting to Kshs 46,341,000 (1995 - Nil), arising from the revaluation of the group's fixed assets at 30th September 1995.

After deducting tax and profit attributable to minority shareholders, the profit attributable to members of the company amounted to Kshs 63,444,000 (1995 - Kshs 76,374,000), which is equivalent to Kshs 2.50 per stock unit (1995 - Kshs 3.01).

An interim dividend of 20% (1995 - 40%) amounting to Kshs 25,339,500 (1995 - Kshs 50,679,000) was paid on 16th August, 1996. A final dividend of 30% (1995 - 20%) amounting to Kshs 38,009,250 (1995 - 25,339,500) is proposed. The total dividends for the year amounted to Kshs 63,348,750 (1995 - Kshs 76,018,750).

#### Share Capital and Reserves

The authorised and issued share capital of the company at 30th September, 1996 and matters relating thereto are set out in note 16 to the financial statements. Full details of the group and company's reserves and movements therein during the year are shown in note 17 to the financial statements.

#### **Fixed Assets**

Details of the movements in fixed assets are shown in note 8(a) to the accounts.

The details of the Board of Directors are set out on page 2. Messrs G W Gichuki, M H Da Gama-Rose, N N Merali, M W Harley, H A Valentine, M N Omar, and A H Butt retire by rotation and, being eligible, offer themselves for re-election.

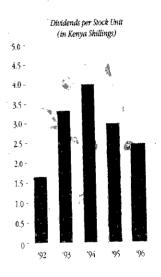
Mr P C B Benson resigned from the Board with effect from 19th December 1996. Mr I A Timamy, who was appointed a substantive director on the same date to hold office until the conclusion of company's next Annual General Meeting, retires and being eligible, offers himself for re-election.

#### Substantial Shareholdings

The Directors are aware of the following interests which amount to 5% or more of the issued share capital of the company:-

Legend Investments Limited Yana Towers Limited Zarnash Investments Limited Old Mutual Life Assurance Company Limited





#### **Auditors**

The auditors, Coopers & Lybrand have expressed their willingness to continue in office in accordance with Section 159(2) of the Companies Act (Cap. 486).

By order of the Board

#### **NIUGUNA WAITITU**

Company Secretary Nairobi, 27th January, 1997



## **R**ipoti ya Wakurugenzi kwa Wanachama wa Sasini Tea and Coffee Limited

Wakurugenzi wana furaha ya kuwakilisha taarifa yao ya mwaka na ya fedha kwa kipindi cha mwaka ulioishia Septemba 30, 1996.

#### Shughuli

Shughuli muhimu za kampuni na matanzu yake ni ukuzaji na utayarishaji wa majani chai na kahawa, uwekaji rasilimali kwenye maadili na mali nyingine, biashara ya misitu na ufugaji wa ng'ombe wa maziwa na nyama.

#### Mapato ya Kundi na Mgawo wa Faida

Mapato ya kundi (ikiwa ni pamoja na faida za kampuni mshirika), kabla ya kutozwa ushuru ilifikia Kshs. 104,300,000 (1995 - Kshs. 106,220,000). Faida kwa mwaka ulioishia tarehe 30 Septemba, 1996 zimeonyeshwa baada ya kupungaza ziada ya ushukaji wa thamani yenye jumla ya Kshs. 46,341,000 (1995 - haikuweko) uliotokana na kutathmini kwa mali za kundi kufikia tarehe 30 Septemba, 1995.

Baada ya kuondoa ushuru na faida kwa wenye hisa chache, faida iliyotolewa kwa wanachama wa kampuni ilifikia Kshs. 63,444,000 (1995 - Kshs. 76,374,000), ambazo ni sawa na Kshs. 2.50 kwa kila hisa (1995 - Kshs. 3.01)

Mgawo wa muda wa asilimia 20 (1995 - asilimia 40) wa Kshs. 25,339,500 (1995 - Kshs. 50,679,000) ulilipwa tarehe 16 Agosti, 1996. Tunataraji kutoa mgawo wa mwisho wa asilimia 30 (1995 - asilimia 20) wa Kshs. 38,009,250 (1995 - Kshs. 25,339,500). Jumla ya mgawo kwa mwaka ulifikia Kshs. 63,348,750 (1995 - Kshs. 76,018,750).

#### Mtaji wa Hisa na Malimbikizo

Hisa za kampuni zilizoruhusiwa na kutolewa kufikia tarehe 30 Septemba, 1996 na mambo yanayohusika nazo yako kwenye elezo la 16 ya taarifa ya fedha. Maelezo kamili kuhusu mabaki ya kundi na kampuni na mienendo yake katika mwaka zimeonyeshwa kwenye elezo la 17 ya taarifa ya fedha.

#### Rasilimali Thabiti

Maelezo kamili ya mienendo kwenye rasilimali thabiti yako kwenye elezo la 8(a) ya hesabu.

#### Wakurugenzi

Maelezo kamili kuhusu Halmashauri ya Wakurugenzi yako ukurasa wa 2.

Mabwana G W Gichuki, M H Da Gama-Rose, N N Merali, M W Harley, H A Valentine,

M N Omar, na A H Butt wanastaafu kwa duru, na kwa kuwa bado wanastahili, wamejitolea kuchaguliwa tena.

Bw. P C B Benson alistaafu kutoka kwenye Halmashauri tangu tarehe 19 Desemba 1996, na Bw. I A Timamy akateuliwa mkurugenzi tarehe hiyo achukue mamlaka ya ofisi mpaka baada ya kumalizika kwa Mkutano ujao Mkuu wa Mwaka, anajiuzulu na kwa kuwa bado ana uwezo amejitolea kuchaguliwa tena.

#### Umilikaji wa Hisa Nyingi

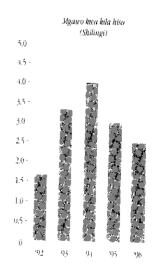
Wakurugenzi wanafahamu kuhusu makampuni wahusika yalioko hapa chini ambao wanamiliki asilimia 5 au zaidi ya hisa zilizotolewa za kampuni:-

Legend Investments Limited

Yana Towers Limited

Zarnash Investments Limited

Old Mutual Life Assurance Company Limited



#### Wahasibu

Kampuni wahasibu ya Coopers & Lybrand bado wangependa kutuhudumia kufuatana na sehemu ya 159 (2) ya Sheria za Makampuni (Kifungu cha 486).

Kwa amri ya Halmashauri

#### NJUGUNA WAITITU

Katibu wa Kampuni Nairobi, 27 Januari, 1997

# Report of the Auditors to the Members of Sasini Tea and Coffee Limited

We have audited the financial statements set out on pages 10 to 23. The accounts of the company set out on page 12 are in agreement with the books of account. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Respective Responsibilities of Directors and Auditors

Under the provisions of the Companies Act, the Directors are responsible for the preparation of financial statements which give a true and fair view of the company's and group's state of affairs and the group's profit or losses. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

**Basis of Opinion** 

We conducted our audit in accordance with Kenyan Auditing Standards. These standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the company and the group at 30th September, 1996 and of the profit and cashflows of the group for the year then ended and comply with the Companies Act (Cap. 486).

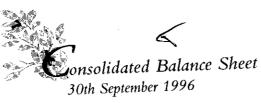
Coopers & Lybrand

Certified Public Accountants of Kenya

Nairobi, 27th January, 1997

# Consolidated Profit and Loss Account for the year ended 30th September 1996

·	Note	1996 KShs'000	<b>1995</b> KShs'000
TURNOVER	2	* FOT 07/	
PROFIT FROM OPERATIONS		525,856	423,498
	2	76,549	62,464
INVESTMENT AND OTHER INCOME	3	12.006	
PROFIT FOR THE YEAR		12,906	11,071
		89,455	73,535
SHARE OF PROFITS OF ASSOCIATED COMPANY		14.045	
PROFIT BEFORE TAXATION AND		14,845	32,685
MINORITY INTERESTS			
TAVATION		104,300	106,220
TAXATION	4	38,282	29,709
PROFIT AFTER TAXATION BUT BEFORE			
MINORITY INTERESTS		66.010	
MINORITY INTERESTS		66,018	76,511
		2,574	137
PROFIT ATTRIBUTABLE TO MEMBERS			
OF SASINI TEA AND COFFEE LIMITED	5	63,444	76,374
DIVIDENDS (GROSS)	6	11 dd	70,574
DETAINED UNOTWINE	- <u>-</u> -	63,349	76,019
RETAINED PROFIT FOR THE YEAR FRANSFERRED TO RESERVES			
1 O ALGERYLS	17	95	355
APMINIC C DED CHOOK AND		₹ 	
ARNINGS PER STOCK UNIT In profit attributable to the members			
n profit attributable to the members adjusted	7(a)	<b>KShs</b> 2.50	KShs 3.01
r excess depreciation on revaluation of fixed assets	7(b)		-
1.2.2000	/(U)	KShs 4.33	N/A



50,	W Suprame	1996	1995
SETS EMPLOYED	Note	KShs'000	KShs <sup>1</sup> 000
	8(a)	<b>2,010,9</b> 58	2,036,547
XED ASSETS	- 4.2	16,037	-
APITAL WORK IN PROGRESS	8(b)		(2/0/
NVESTMENT IN ASSOCIATED COMPANY	10	64,867	62,684
OTHER INVESTMENTS	11	23,807	22,023
J. HER HAZDIMENTO		2,115,669	2,121,254
CURRENT ASSETS	12	<b>114,</b> 142	109,213
Stocks	12 14	94,945	75,324
Debtors	14	77,954	10,100
Short term deposits		11,568	6 <b>3</b> ,482
Bank balances and cash			
	·	298,609	258,119
CURRENT LIABILITIES		<b>69,87</b> 7	57,396
Creditors		1,163	97
Taxation		38,009	25,340
Dividends (gross)	15	<b>6,0</b> 20	_
Bank overdraft			
		115,069	82,833
		183,540	175,286
NET CURRENT ASSETS		2000 2000	2,296,540
		<b>2,299</b> ,209	
PRIANCED PV.			
FINANCED BY:	,	<b>126,</b> 697	126,697
Share capital	16	<b>2,090,4</b> 72	2,090,377
Reserves	17		
SHAREHOLDERS' FUNDS		<b>2,217,1</b> 69	2,217,074
		<b>82,</b> 040	79,466
MINORITY INTERESTS	· 	<b>a</b> 200 200	2,296,540
		<b>2,299</b> ,209	

The financial statements were approved by the Board of Directors on 27th January, 1997.

D A SCHUMACHER

Report of the Auditors - page 9

The notes on pages 15 to 23 form part of these financial statements.



### Company Balance Sheet 30th September 1996

	" September 1990		
ASSETS EMPLOYED	Note	<b>1996</b> KShs'000	<b>199</b> KShs'00
FIXED ASSETS	0(-)		**************************************
No	8(a)	615,120	636,859
INVESTMENT IN SUBSIDIARY COMPANIES	9	20.2/2	
INVESTMENT IN ASSOCIATED COMPANY		20,342	20,347
TO THE AUGUSTALED COMPANY	10	12	12
OTHER INVESTMENTS	11		12
	·	1,298	31
		636,772	657,249
CURRENT ASSETS			
Stocks	13		
Subsidiary Companies	12	33,262	33,079
Debtors	13	58,425	81,350
Short term deposits	14	16,754	11,136
Bank balances and cash		48,962	10,100
		4,538	27,589
C) IDDEN'T LLA FALL WITTER		161,941	163,254
CURRENT LIABILITIES Creditors			
Taxation		24,866	
Dividends (gross)		24,000	15,250
Bank Overdraft		38,009	107
Swink Gyerurait	15	1,869	25,340
		1,009	-
NET CURRENT ASSETS		64,744	40,697
- CORRENT ASSETS		97,197	122,557
		733,969	779,806
FINANCED BY:			
hare capital	1.6		
Reserves	16	126,697	126,697
	17	607,272	653,109
HAREHOLDERS' FUNDS		722.0/0	
		733,969	779,806

The financial statements were approved by the Board of Directors on 27th January, 1997.

M W HARLEY
D A SCHUMACHER

Directors

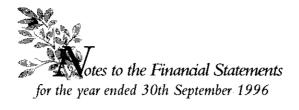
Report of the Auditors - page 9

The notes on pages 15 to 23 form part of these financial statements.

# Consolidated Cash Flow Statement for the year ended 30th September 1996

J 1	Note	<b>1996</b> KShs'000	<b>1995</b> KShs'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	143,560	105,666
RETURNS ON INVESTMENT AND SERVICING OF FINANCE:		्रिया । १८ मा १८ मा १९ १	
Interest received Dividends received from trade investments Dividends received from Associated Company Interest paid Dividends paid Dividends paid to minority shareholders	В	6,312 6,592 4,900 (50,680)	7,736 5,463 9,800 (111) (101,358) (1,000)
NET CASH OUTFLOW FROM INVESTMENTS AND SERVICING OF FINANCE		(32,876)	(79,470)
TAXATION PAID		(24,013)	(25,696)
INVESTING ACTIVITIES:		उ . ४	
Purchase of investments (net) Purchase of fixed assets Proceeds from sale of fixed assets		(1,784) (81,050) 6,083	(17,489) (78,836) 240
NET CASH OUTFLOW FROM INVESTING ACTIVITI	ES	(76,751)	(96,085)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	С	9,920	(95,585)

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#### 1. ACCOUNTING POLICIES

#### Basis of accounting

The company prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain assets.

#### Basis of consolidation

The consolidated financial statements incorporate the accounts of the company and its subsidiaries made up to 30th September.

Any goodwill arising on the acquisition of subsidiaries is written off to revenue reserves in the year of purchase.

#### Associated company

Where the group has a beneficial interest of 20 percent or more of the equity capital and has the ability to excercise significant influence in that company, other than a subsidiary company, the consolidated financial statements include the group's share of the profits and attributable taxation of the associated company based on the latest audited financial statements.

In the consolidated balance sheet, the investment in the associated company is stated at cost together with the group's share of post acquisition retained profits.

#### Turnover

Turnover includes:

- (a) The gross sales proceeds of coffee net of marketing commission, ad valorem levy and County Council cess which are all deducted at source;
- (b) The gross sales proceeds of tea and green leaf net of selling charges and purchases of tea; and
- (c) The proceeds of sale of livestock and dairy products during the year.

#### **Taxation**

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred tax is calculated under the liability method and is only accounted for to the extent that it is probable that timing differences will reverse within the foreseeable future.

#### Depreciation

Depreciation is not provided on land and development as the costs of replanting, infilling and upkeep of developed areas are charged against revenue. Development costs include direct costs and attributable overheads incurred in bringing crops into production.

Depreciation on other assets is provided over the estimated useful lives of the assets on the straight line method. The principal rates in use are:-

Buildings and improvements

Over the estimated useful lives

Plant, machinery and tools

12.5%

Rolling stock

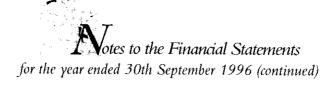
25%

Farm implements, furniture and equipment

12.5% - 25%

#### Trade investments

Trade investments are stated at cost. Provision is made for any permanent diminution in value.



#### ACCOUNTING POLICIES (continued)

#### Stocks

Tea, coffee and estate stores are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads where appropriate. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving and defective stocks.

Livestock has been valued at the lower of cost and not realisable value.

#### Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rate of exchange ruling at the balance sheet 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 dealt with in the profit and loss account.

T	URNOVER AND PROFIT	FROM OPERATIONS	Turi	over .	Profit fro	m operations
			1996	1995	1996	1995
Αc	ctivity:		Kshs'000	Kshs'000	Kshs'000	Kshs'000
Te			298,006	239,997	<b>3</b> 7,788	15,745
	offee		218,838	176,856	<b>3</b> 9,173	48,694
	vestock		9,012	6,645	48	(1,357
Ot	ther operating income		-	-	(460)	(618)
To	otal		525,856 *	423,498	76,549	62,464
Th	ne profit from operatio	ns is arrived at after ch	arging:-			
Au	iditors' remuneration:	current year			1,739	1,610
		prior year			31	48
Со	ompany Kshs 591,190 (199	95 - Kshs 567,800)				
De	epreciation:	hased on historical co	st		39,096	35,340
		additional depreciatio				
		due to revaluation of				
		assets at 30 Septembe	1995		46,341	-
Dir	rectors' emoluments:	fees			680	760
		other			2,368	493
Ba	nk overdraft interest		<u> </u>			111
IN	VESTMENT AND OTHE	D INICOME			1006	4004
114	VESTMENT AND OTHER	K INCOME			<b>1996</b> Kshs'000	<b>1995</b> Kshs'000
					NSIB 000	125115 000
	ome from trade investme				6,604	5,491
Int	erest on short term depos	sits			6,302	5,580
_	,				12,906	11,071

# otes to the Financial Statements for the year ended 30th September 1996 (continued)

TAXATION	<b>1996 KS</b> hs'000	<b>1995</b> KShs'000
Income tax on the taxable profit for the year at 35%, (1995 - 35%) Adjustment in respect of prior years	34,149 1,272	20,455 (1,482)
Attributable taxation of associated company	35,421 2,861	18,973 10,736
	38,282	29,709

#### Dividend tax account

The group and the company have a credit balance on the dividend tax account of KShs 162,767,437 and KShs 59,487,633 respectively, which include tax payments to January, 1997.

#### PROFIT ATTRIBUTABLE TO MEMBERS OF SASINI TEA AND COFFEE LIMITED 5.

The profit dealt with in the financial statements of the parent company is KShs 17,404,920 (1995 - KShs 47,240,000).

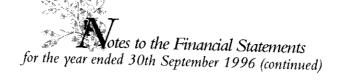
DIVIDENDS (GROSS)		<b>1995</b> ns'000
Interim dividend (Kshs 1.00 per stock unit paid on 16th August 1996)	25,340 5	0,679
Proposed final dividend (Kshs 1.50 per stock unit payable March 1997)	38,009	25,340
	63,349	76,019

Payment of the dividends is subject to withholding tax at the rate of 5% where made to residents and 10% where made to non-residents.

#### EARNINGS PER STOCK UNIT 7.

The calculation of earnings per stock unit is:

- Based on profit after taxation and minority interests of Kshs 63,444,000 (1995 Kshs 76,374,000); and on 25,339,500 (1995 - 25,339,500) ordinary stock units.
- (b) Based on profit after taxation and minority interests of Kshs 109,785,000 (1995 not applicable) as adjusted for excess depreciation on revaluation of fixed assets, and 25,339,500 (1995 - 25,339,500) ordinary stock units.



#### 8(a). FIXED ASSETS

THE GROUP	Land and development KShs'000	Buildings and improvements KShs'000	Plant machinery and tools KShs'000	Rolling stock and farm implements KShs'000	Furniture and equipment KShs'000	
COST, OR VALUATIO	ON				11010 000	13113 000
At 1 October, 1995 Additions Disposals	1,261,776 8,282	436,276 83	250,602 33,744	. 81,654 13,477 (5,223)	14,532 9,426	2,044,840 65,012 (5,223)
At 30 September, 1996	5 1,270,058	436,359	284,346	89,908	23,958	2,104,629
Comprising:						
At cost At valuation	8,282 1,261,776	303 436,056	41,699 242,647	33,136 56,772	11,350 12,608	94,770 2,009,859
	1,270,058	436,359	284,346	89,908	23,958	2,104,629
DEPRECIATION						
At 1 October, 1995 Charge for the year Disposals	- - -	14 31,808 -	1,563 31,803	6,075 17,622 (59)	641 4,204	8,293 85,437 (59)
At 30 September, 1996		31,822	33,366	23,638	4,845	93,671
NET BOOK VALUE						
At 30 September, 1996	1,270,058	404,537	250,980	66,270	19,113	2,010,958
At 30 September, 1995	1,261,776	436,262	249,039	75,579	13,891	2,036,547
Land and buildings com	prise:					KShs'000
Freehold Long leasehold Short leasehold						616,779 960,037 97,779
NET BOOK VALUE	_					
<del></del>			<del></del>			.674,595

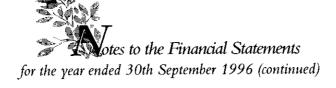
Most of the group's fixed assets were revalued at 30th September ,1995 by Lloyd Masika Limited, registered valuers on the following basis:-

Land and development

at market value on an existing use basis.

All other assets

at net current replacement cost.



#### FIXED ASSETS (continued)

THE COMPANY	Land and development KShs'000	Buildings and improvements KShs'000	Plant machinery and tools KShs'000	Rolling stock and farm implements KShs'000	Furniture and equipment KShs'000	<b>Total</b> KShs'000
COST OR VALUATIO	DN					
At 1 October, 1995 Additions Disposals	358,045	181,182 83	73,141	20,470 3,940 (1,950)	5,111 1,376	637,949 5,399 (1,950)
At 30 September, 199	96 358,045	181,265	73,141	22,460	6,487	641,398
Comprising:				-		
At cost At valuation	358,045	83 181,182	- 73,141	8,027 14,433	1,376 5,111	9,486 631,912
· · · · · · · · · · · · · · · · · · ·	358,045	181,265	73,141	22,460	6,487	641,398
DEPRECIATION			· · · · · · · · · · · · · · · · · · ·	-		
At 1 October, 1995 Charge for the year Disposals	-	13,114	5,785 -	1,090 5,250	1,039	1,090 25,188
At 30 September, 19	96 -	13,114	5,785	6,340	1,039	26,278
NET BOOK VALUE				,,,		
At 30 September, 19	96 358,045	168,151	67,356	16,120	5,448	615,120
At 30 September, 19	95 358,045	181,182	73,141	19,380	5,111	636,859
Land and buildings	comprise:					KShs'000
Freehold Short leasehold						428,418 97,778
NET BOOK VALUE				He'		526,196

#### 8(b). CAPITAL WORK IN PROGRESS

The capital work in progress at 30th September, 1996 relates to withering machinery, buildings and a new power line at Kiptenden and Keritor Estates.

# otes to the Financial Statements for the year ended 30th September 1996 (continued)

9.	INVESTMENT IN SUBSIDIARY COMPANIES	<b>1996</b> KShs'000	<b>1995</b> KShs'000
	Shares in subsidiary companies at cost less amounts written off	20,342	20,347
			20,517

The subsidiary companies, which are all incorporated in Kenya, are:

	Percentage of equity held	
Kipkebe Limited	100	
Keritor Limited	100	(100% held by Kipkebe Limited)
Mweiga Estate Limited	75	
Wahenya Limited	75	(100% held by Mweiga Estate Limited)
Warren Kenya Limited*	69.3	
Warren Engineering Limited*	69.3	(100% held by Warren Kenya Limited)

<sup>\*</sup> These are dormant companies.

10. INVESTMENT IN ASSOCIATED COMPANY	The	The Group		The Company		
	<b>1996</b> KShs'000	<b>1995</b> KShs'000	<b>1996</b> KShs'000	<b>1995</b> KShs'000		
Investment in Garton Limited - Unquoted: Share of net assets	<b>64,86</b> 7	62,684	-	-		
Shares at cost	-	-	12	12		
	64,867	62,684	12	12		

The group's share of reserves:-	<b>1996</b> KShs'000	<b>1995</b> KShs'000
Capital reserves Revenue reserves	31,375 33,480	37,351 25,321
	64,855	62,672

The group holds 49% of the equity capital in Garton Limited. The results of the company, whose principal activity is the growing and processing of coffee, have been included on the basis of the audited financial statements as at 31st December, 1995.

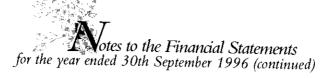
## Notes to the Financial Statements for the year ended 30th September 1996 (continued)

. OTHER INVESTMENTS	The C	The Company		
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	KShs'000	KShs'000	KShs'000	KShs'000
Trade: Quoted	17,781	17,781	31	31
Unquoted	6,026	4,242	1,267	
	23,807	22,023	1,298	31

The quoted trade investments of the group and the company have a market valuation of KShs14,031,000 (1995 - KShs 12,281,000) and KShs 31,000 (1995 - KShs 31,000) respectively.

The unquoted trade investments of the group and the company are valued by the directors at KShs 23,832,000 (1995 - KShs 23,832,000) and KShs 1,267,000 (1995 - Nil) respectively.

2.	STOCKS	The C	The Company		
		<b>1996</b> KShs'000	<b>1995</b> KShs'000	<b>1996</b> KShs'000	<b>1995</b> KShs'000
	Tea	28,957	20,180	-	-
	Tea and tree nurseries	8,294	7,758	-	-
	Coffee	<b>2</b> 4,051	29,586	17,376	18,207
	Livestock	1,376	1,548	121	106
	Estate stores	51,464	50,141	15,765	14,766
		114,142	109,213	33,262	33,079
13.	SUBSIDIARY COMPANIES			<b>1996</b> KShs'000	<b>1995</b> KShs'000
	Due from subsidiaries Due to subsidiaries			105,576 (47,151)	102,695 (21,345)
				58,425	81,350
14.	DEBTORS	The	Group	The	Company
		1996	1995	1996	1995
		KShs'000	KShs'000	KShs <sup>1</sup> 000	KShs'000
	Trade debtors	41,696	22,602	10,902	8,125
	Other debtors and prepaid expenses	49,123	38,254	5,159	3,011
	Tax recoverable	4,126	14,468	693	-
		94,945	75,324	16,754	11,136



#### 15. BANK OVERDRAFT

The bank overdraft is secured to the extent of KShs 5,000,000 by a charge on the land and buildings of a subsidiary company.

SHARE CAPITAL	1996	1995
Authorised:	<b>KShs</b> '000'	KShs '000
30,000,000 ordinary shares of KShs 5 each	150,000	150,000
Issued and fully paid:	\$	
25,339,500 ordinary stock units of KShs 5 each	126,697	126,697

All fully paid up shares of the company are converted into stock units at the time of issue.

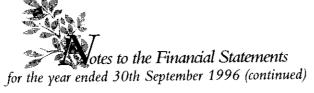
RESERVES	Non-distributable capital	Distributable revenue	
THE GROUP	<b>reserves</b> KShs'000	reserves KShs/000	<b>Total</b> KShs'000
At 1 October, 1995 Excess depreciation on revaluation Release of revaluation surplus on sales Retained profit for the year	1,766,767 (46,341) (3,968)	323,610 46,341 3,968 95	2,090,377 - - 95
At 30 September, 1996	1,716,458	374,014	2,090,472
THE COMPANY	KShs'000	KShs'000	KShs'000
At 1 October, 1995 Excess depreciation on revaluation Release of revaluation surplus on sales Deficit transferred to profit and loss account Amounts attributable to subsidiaries deregistered	616,232 (19,044) (1,078)	36,877 19,044 1,078 (45,944)	653,109 - (45,944)
At 30 September, 1996	596,110	11,162	607,272

#### 18. DEFERRED TAXATION

Had the company and its subsidiaries provided for deferred taxation in respect of all potential liabilities, the deferred tax liability would have been as follows:-

	The Group		The Company	
	<b>1996</b> <b>KS</b> hs'000	<b>1995</b> KShs'000	<b>1996 K</b> Shs'000	<b>1995</b> KShs'000
Accelerated capital allowances	230,899	244,436	86,374	94,000

These timing differences are not expected to crystallise in the foreseeable future.



CAPITAL COMMITMENTS	The Group		The Company	
	1996	1995	1996	1995
	KShs'000	KShs'000	<b>000</b> 02	KShs <sup>1</sup> 000
Authorised and contracted	5,774	21,863	<b>3,3</b> 72	
Authorised but not contracted	59,201	20,013	14,842	3,860

#### 20. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

#### 21. CURRENCY

19.

These financial statements are expressed in Kenya Shillings.

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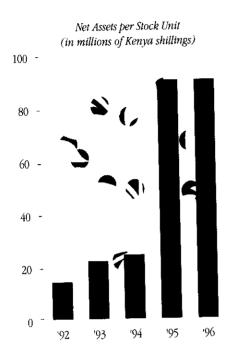
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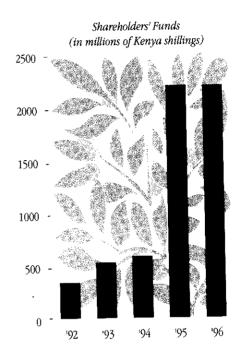
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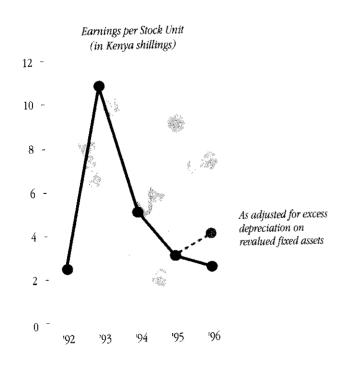
# FiveYear Comparative Statement

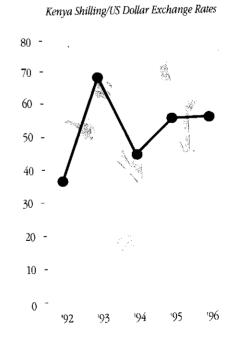
			•		
PRODUCTION AND SALES STATISTICS	1996	1995	1994	1993	1992
TEA					
Area - hectares	1,221	1,221	1,192	1,192	1,164
Production - kilograms	5,118,285	,	4,164,456	4,933,491	4,137,559
Sales - kilograms	4,956,940		4,125,198	4,711,875	4,131,743
Net sales proceeds - KShs/kg	60.12	43.66	71.40	72.59	38.66
COFFRE					
Area - hectares	840	840	835	835	835
Production - tonnes	1,471	1,135	1,140	1,327	1,316
Sales - tonnes	1,616		847	1,347	1,295
Net sales proceeds - KShs¹000/tonne	135	163	181	153	47
RESULTS	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Turnover	525,856	423,498	462,843	567,132	240,678
Profit before taxation and minority interests	104,300	106,220	197,052	415,495	107,435
Taxation	38,282	29,709	66,800	131,823	42,659
Profit after taxation but before minority interests	66,018	76,511	130,252	283,672	64,776
Minority interests	2,574	137	2,201	9,819	2,349
Profit attributable to members of					
Sasini Tea and Coffee Limited	63,444	76,374	128,051	273,853	62,427
Dividends (gross)	63,349	76,019	101,358	84,465	42,233
Retained profit for the year transferred to reserves	95	355	26,693	189,388	20,194
ASSETS EMPLOYED:					
Fixed assets	2,010,958	2,036,547	310,203	266 400	202.002
Capital work in progress	16,037	4,030,31/	310,203	266,496	203,903
Investments	88,674	84,707	55,070	19,231	20.257
Net current assets	183,540	175,286	248,601	270,518	20,257 133,378
	2,229,209	2,296,540	613,874	556,245	<u> </u>
FINANCED DV	2,227,207	2,270,740	013,0/4	330,243	357,538
FINANCED BY:					
Share capital	126,697	126,697	126,697	42,233	42,233
Rescrves Shareholders' funds	2,090,472	2,090,377	461,188	487,975	298,587
Minority interests	2,217,169	2,217,074	587,885	530,208	340,820
	82,040	79,466	25,989	26,037	16,718
NET ASSETS	2,299,209	2,296,540	613,874	556,245	357,538
RATIOS:					
Earnings per stock unit	2.50	3.01	5.05	10.80	2.46
Dividends per stock unit (gross)	2.50	3.00	4.00	3.33	2.46 1.67
Dividend cover (times covered)	1.00	1.00	1.26	3.24	1.67
Net assets per stock unit	90.72	90.63	24.23	21.95	1.46 14.11
					• =

# Gaphical Highlights













New Sennova CTC line at Kipkebe factory

#### FORM OF PROXY

### (ANNUAL GENERAL MEETING)

I/We	
of	being
a mem	ber/members of Sasini Tea and Coffee Limited, do hereby appoint
	or failing him/her, the duly
appoir	nted Chairman of the meeting to be my/our Proxy, to vote for me/us at the Annual General Meeting of the company to be
held a	t Serena Hotel, Nairobi, Kenya, on Friday 7th March, 1997 and at any adjournment thereof.
As wit	ness my/our hand(s) this day of, 1997
Signa	ture
Unles	s otherwise indicated, the Proxy will vote as he/she thinks fit.
Note: (1)	s: Ta be valid, this proxy must be deposited at the registered office of the company nat less than 48 hours before the time appointed for holding the meeting.
(2)	If the appointor is a corporation, the proxy must be executed under its common seal ar under the hand of an Officer or Attorney duly outhorised in writing.

FOLD 2

STAMP

The Company Secretary Sasini Tea and Coffee Ltd P.O. BOX 30151 Nairobi Kenya

FOLD 1

FOLD 3

**INSERT FLAP INSIDE** 



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