Sasini




SASINI PLC (FORMERLY SASINI LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2017

CONTENTS

Sasini PLC (Formerly Sasini Limited)

DIRECTORS AND STATUTORY INFORMATION

DIRECTORS

Dr. J.B. McFie, PhD, MBS	- Chairman
Dr. N. N. Merali, PhD, CBS, EBS	
A.H. Butt, CPA (Kenya), FCCA	
S.N. Merali, MSc	
L.W. Waithaka, MSc	
Dr. S.O. Mainda, PhD, MA, ACII, EBS	
M.K. Changwony, BA (Hons), MBS	- (Retired on 31 December 2016)
S. M. Githiga, MBA, Bsc, CPA (Kenya)	- (Appointed on 1 January 2017
Betty Koech	- (Appointed on 15 January 2018)
Rosemary Munyiri	- (Appointed on 15 January 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
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(+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

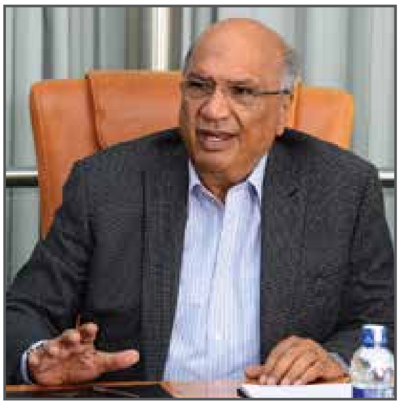
Better farming Better future

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 Ltd and Eveready East Africa PLC), Construction and Engineering (Warren Enterprises Limited), Financial Services (Spire Bank Ltd), Commercial and Leasing (Ryce East Africa Ltd and Yansam East Africa Ltd), EPZs (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. Stephen Maina Githiga, Group Managing Director - *Executive*

Mr. Stephen Maina Githiga joined 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; he is a Board member of and Chairman of the Audit Committee of Ryce East Africa Limited, a Board member of First Assurance (TZ) Ltd, and Kiria-ini Mission Hospital among others. He was appointed as Group Managing Director on 1 January 2017.

Mr. Sameer Naushad Merali - *Non Executive*

Mr. S. N. Merali holds a Master of Science degree in Banking and International Finance. 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 Limited, 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. He joined the Board of Sasini PLC on 26 May 2006.

BOARD OF DIRECTORS

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.

Mrs. Lucy Waguthi Waithaka - *Non Executive Director*

Mrs. Lucy W. Waithaka is an export development specialist. She holds a Master of Science degree in Horticulture/Agronomy and a BSC in Agriculture from the University of Nairobi. Her last formal employment was at the Export Promotion Council (EPC), the national trade promotion organization in charge of development and promotion of Kenya's exports, as the General Manager, Enterprise and Product Development, up to November 2015. She has extensive experience in agriculture, export marketing and business management having held senior positions in agriculture and international trade related institutions, namely, the Horticultural Crops Development Authority (HCDA) and the Fresh Produce Exporters Association of Kenya (FPEAK), where she was the Chief Executive before joining the Export Promotion Council of Kenya. She has served as a member of the Board of Directors of the Kenya Plant Health Inspectorate Service (KEPHIS) and is currently Chairman of Eveready East Africa PLC and a member of Sasini Limited Board of Directors, where she chairs the Board Audit Committee.

Mrs. Waithaka has carried out research work and published widely in the areas of cut flowers, post-harvest handling of horticultural produce and export marketing. She has organized and led market studies and export promotion missions to several international markets in Europe, USA, Japan, Middle East and Africa, providing business to business linkages for Kenyan exporters. At the EPC, she managed several programmes, all aimed at enhancing the export supply base and export competitiveness through enterprise development initiatives and capacity building. These included product development and test marketing; market penetration and promotion; and training in export trade and business management skills. She joined the Board of Sasini PLC on 30 August 2007.

Dr. Steve Omenge Mainda, PhD - *Independent Non Executive Director*

Dr. S. O. Mainda was awarded a Doctorate Degree (Honoris Causa) in Strategic Management by Makerere University in 2013. He also holds a Master of Arts degree in Management. He is a member of the Chartered Institute of Insurance. Mr Mainda has a wealth of experience in Finance, Insurance, Strategic Management and Education. He is currently the Chairman Housing Finance Company of Kenya Ltd which is also listed in the Nairobi Securities Exchange. He is a Director of Fina Bank Ltd, Ryce East Africa Ltd (a member of the Sameer Group of Companies). He joined the Board on the 21st September 2012.

SENIOR MANAGEMENT TEAM

Mr. Stephen Maina Githiga, Group Managing Director - *Executive*

Mr. Stephen Maina Githiga joined 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; he is a Board member of and Chairman of the Audit Committee of Ryce East Africa Limited, a Board member of First Assurance (TZ) Ltd, and Kiria-ini Mission Hospital among others. He was appointed as Group Managing Director on 1 January 2017.

Dr. Samuel Kanga Odalo, DBA, Group Financial Controller

Over 29 years' experience in Finance, Accounting and Audit. Prior to joining Sasini Ltd, 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 in July 2009.

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.

SENIOR MANAGEMENT TEAM

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

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)

He 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.

Ms. Priscah Muthoni Keah, Head of Human Resources & Administration

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.

Sasini PLC (Formerly Sasini Limited)

NOTICE OF THE ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE SIXTY-SIXTH (66th) ANNUAL GENERAL MEETING of the Company will be held at **Kamundu Estate, Kiambu, on Friday, 9 March 2018 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 2017, together with the Chairman's, Directors' and Auditors' Reports thereon.

4. To confirm the first interim dividend of 25% paid on 4 July 2017 to shareholders on the register of members as at close of business on 26 June 2017 and the second interim dividend of 75% payable on or about 21 February 2018 to shareholders on the register of members as at close of business on 6 February 2018.

5. To approve payment of Directors' fees for the year ended 30 September 2017.

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 Auditor's remuneration for the ensuing financial year.

7. To elect Directors:

   (i) Mrs Betty Koech, who was appointed by the Board to fill a casual vacancy retires in accordance with Article 100 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director of the Company.
   (ii) Mrs Rosemary Munyiri, who was appointed by the Board to fill a casual vacancy retires in accordance with Article 100 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director of the Company.
   (iii) Dr Naushad 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.
   (iv) Mr. Akif Butt, 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
   (v) Mrs Lucy Waithaka, who retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and does not offer herself for re-election as a Director of the Company.

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: 15 January 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, 7 March 2018 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 SITA (66) wa Kampuni utafanyika katika **Shamba la Kamundu, Kiambu, siku ya Ijumaa tarehe 9 Machi 2018, saa tano asubuhi,** kuendesha shughuli zifuatazo:

Shughuli za Kawaida

1. Kuwaangalia wawakilishi na kuhakikisha ikiwa akidi imetimia.

2. Kusoma ilani ya kuitisha mkutano.

3. kufikiriwa na ikikubaliwa kupokea taarifa za kifedha zilizokaguliwa za Kampuni za mwaka ulioishia tarehe 30 Septemba 2017, pamoja na ripoti za Mwenyekiti, Wakurugenzi na za Wakaguzi wa hesabu baadaye.

4. Kuthibitisha mgawo wa kwanza wa muda wa asilimia 25 uliolipwa tarehe 4 Julai 2017 kwa wanahisa kwenye orodha ya wanachama kufikia kufungwa kwa biashara tarehe 26 Juni 2017 na mgawo wa pili wa muda wa asilimia 75 utakaolipwa tarehe 21 Februari mwaka 2018 kwa wanahisa kwenye orodha ya wanachama kufikia kufunga biashara tarehe 6 Februari 2018.

5. Kuidhinisha ujira wa wakurugenzi wa mwaka ulioishia tarehe 30 Septemba 2017.

6. Wakaguzi wa Hesabu: Kutambua kuwa KPMG wanaendelea kushikilia afisi kama wakaguzi wa hesabu kulingana na sehemu ya 721 (2) ya Sheria za Makampuni, za mwaka 2015 na kuwaidhinisha Wakurugenzi kuamua malipo ya Wakaguzi wa Hesabu ya mwaka wa kifedha unaofuatia.

7. Kuchagua Wakurugenzi:

   (i) Bi. Betty Koech, ambaye alichaguliwa na Halmashauri kujaza nafasi isiyo ya kudumu anastaafu kulingana na ibara ya 100 ya Kanuni za Kampuni za Kampuni yetu na kwa kuwa anastahili, anajitolea kuchaguliwa tena kama Mkurugenzi wa Kampuni.
   (ii) Bi. Rosemary Munyiri, aliyechaguliwa na Halmashauri kujaza nafasi isiyo ya kudumu anastaafu kufuatana na ibara ya 100 ya Kanuni za Kampuni za Kampuni yetu na kwa kuwa anastahili, anajitolea kuchaguliwa tena kama Mkurugenzi wa Kampuni.
   (iii) Dkt. Naushad Merali, Mkurugenzi anayestaafu kwa zamu kufuatana na ibara za 94 na 95 za Kanuni za Kampuni za Kampuni yetu na kwa kuwa anastahili, anajitolea kuchaguliwa tena.
   (iv) Bw. Akif Butt, Mkurugenzi anayestaafu kwa zamu kufuatana na ibara za 94 na 95 za Kanuni za Kampuni za Kampuni yetu na kwa kuwa anastahili, anajitolea kuchaguliwa tena.
   (v) Bi. Lucy Waithaka, anayestaafu kulingana na Sheria ya Uongozi wa Matendo ya Shirika kwa Watoaji wa Hisa kwa Umma ya mwaka 2015 hajitolei kuchaguliwa tena kama Mkurugenzi wa Kampuni.

8. Kufuatana na masharti ya sehemu 769 ya Sheria za Makampuni za mwaka 2015, wakurugenzi wafuatao, wakiwa wanachama wa Kamati ya Ukaguzi wa Hesabu, Hatari na Utekelezaji ya Halmashauri wachaguliwe kuendelea kufanya kazi kama wanachama wa Kamati hiyo:

   (i) Bi. Betty Koech
   (ii) Bi. Rosemary Munyiri
   (iii) Bw. Sameer Merali
   (iv) Dkt. James Mcfie

9. Kushughulikia shughuli nyingine yoyote ambayo ilani ipasayo imetolewa.

KWA AMRI YA HALMASHAURI

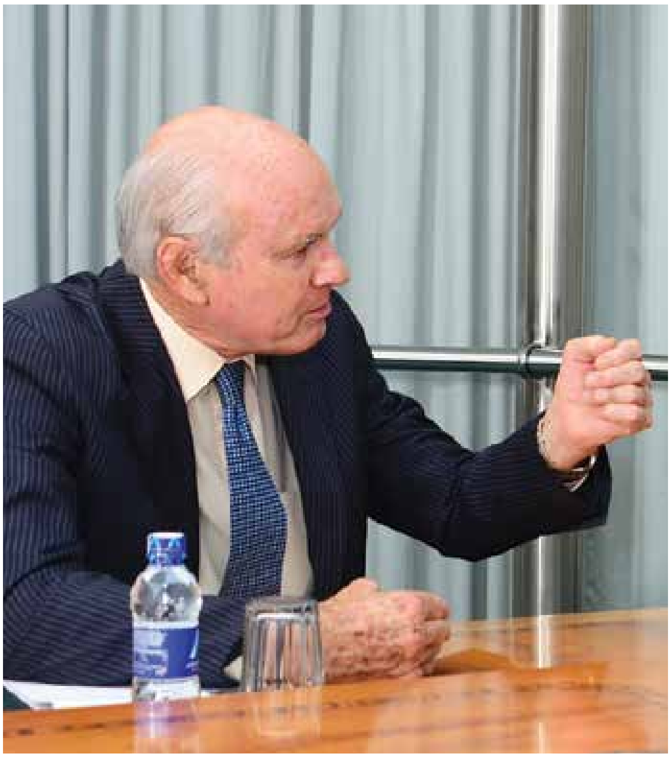
LAWRENCE KIBET, CPS (K)
KATIBU WA KAMPUNI

Date: 15 Januari 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, 7 Machi 2018 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



ECONOMY AND BUSINESS ENVIRONMENT

World Economy

The global economy which was initially predicted to accelerate at 2.7% in 2017, exceeded expectations and is projected to carry forward the momentum to generate a 3% global growth rate 2018.

While the growth path of mature markets will remain solid in the short term, potential for much faster growth is limited, and a growth slowdown is likely to set in later in the decade. As some major emerging markets are maturing themselves, especially China, they are unlikely to return to growth trends of the past. The good news is that a larger role for qualitative growth factors—an improvement in labor force skills, digitization, and especially stronger productivity growth—may help sustain growth and provide better conditions for businesses to thrive over the next decade.[1]

African Economy

According to the African Economic Outlook 2017, the region's real GDP growth slowed down to 2.2% in 2016, mainly due to the continued fall in commodity prices and weak global economic growth. East Africa was the fastest growing region at 5.3% real GDP growth, followed by North Africa at 3%. Growth in other regions was anaemic, ranging from a low of 0.4% in West Africa, dragged down by the recession in Nigeria, to 1.1% in Southern Africa, with South Africa, the region's largest economy, posting only 0.3% growth. With dynamic private sectors, entrepreneurial spirit and vast resources, Africa has the potential to grow faster and more inclusively. The continent's average growth was expected to rebound to 3.4% in 2017, assuming that the recovery in commodity prices was sustained, the world economy strengthened and domestic macroeconomic reforms are entrenched. In 2018, growth is expected to consolidate, with GDP expanding by 4.3%.[2]

National Economy

As mentioned earlier, the year 2017 started with a spell of drought due to global weather changes, which adversely affected the crops. The persistent drought along with other exogenous shocks such as the negative impacts of the August General Elections, the annulment of the Presidential elections by the Supreme Court of Kenya and the repeat thereof in October, sluggish credit growth due to interest rate capping, unstable global commodity prices conspired to decelerate economic growth from an earlier projection by the World Bank of 5.5% to 4.9% for 2017.

Global Tea Market Trend

According to the market report by Transparency Market Research on the forecast period 2017 to 2025, the global tea market was valued at US$ 12,453.2 Mn in 2016, growing at a CAGR of 5.7% from 2017 to 2025 to account for US$ 20,038.3 Mn by 2025. In terms of volume, the global tea market is expected to grow at a CAGR of 4.6% from 2017 to 2025. This is due to the fact that tea is the most highly consumed beverage around the world after water, its affordability and the health benefits attributed to it.

The major challenges that are expected to create huge impacts on the growth and development of the tea industry are change in demographic conditions, climatic changes, resource constraints, availability of labor, changes in consumer preferences, and volatility of labor wages among others. Availability of cropping land is also one of the major challenges faced by the tea industry. In emerging countries, such as India, land constraint creates a major restraining factor towards the growth of the crop. [3]

Global Coffee Trend

Coffee prices continued to fall as the market remains well supplied and inventories in consuming countries are high as a result of strong exports in the first seven months of the coffee year. The coffee market was volatile with Arabica prices tumbling and subsequently recovering to previous levels while Robusta closed higher.

In August 2017, World coffee exports amounted to 9.87 million bags compared with 10.77 million in August 2016. Exports in the first 11 months of the coffee year 2016/17 (Oct/16 to Aug/17) have increased by 5.8% to 113.28 million bags compared to 107.05 million bags in the same period in the last coffee year. In the twelve months ending August 2017, exports of Arabica totalled 77.73 million bags compared to 71.43 million bags last year; whereas Robusta exports amounted to 45.34 million bags compared to 44.57 million bags. In September 2017, World coffee exports amounted to 8.34 million bags, compared with 9.79 million in September, 2016. In the twelve months ending September 2017, exports of Arabica totalled 77.52 million bags compared to 71.87 million bags last year; whereas Robusta exports amounted to 44.93 million bags compared to 45.02 million bags. In October 2017, World coffee exports amounted to 8.8 million bags, a fall of 11.4% compared with 9.93 million bags in October 2016. In the twelve months ending October 2017, exports of Arabica totaled 76.23 million bags compared to 72.35 million bags last year; whereas Robusta exports amounted to 44.12 million bags compared to 45.14 million bags.[4]

GROUP FINANCIAL RESULTS

Overview

The Group's performance for the year was, despite the extreme drought that ravaged most parts of the Country, encouraging. Tea production during the year was 11,208 Tons of made tea marginally above 11,108 Tons achieved in the previous year. Our Coffee estates produced 851 Tons of coffee down from 944 Tons produced in the previous year.

[1] https://forextv.com/top-news/global-tea-market-is-expected-to-reach-us-20038-3-mn-by-2025-transparency-market-research/
[2] 16th Edition of the African Economic Outlook.
[3] http: //www. Ico.org/
[4] http: //www. Ico.org/

CHAIRMAN'S STATEMENT (CONTINUED)

The average price realized for tea marginally increased to USD 1.99/kg compared to USD 1.89/kg in the previous financial year. The average price realized for coffee was USD 5.16/kg compared to USD 4.57/kg in the previous year.

Growing steadily from strength to strength, the Group turnover increased from KShs. 3,570 million last year to KShs. 4,201 million and the gross profit from KShs.974 million to KShs. 998 million for the year ended 30 September 2017.

The net profit for the year of KShs. 339.41 million was lower than the previous year's net profit of KShs 576.9 million (restated).

The profit arising from the disposal of a subsidiary, namely, Sasini Coffee House Limited was KShs. 16. 9 million which paled in comparison to the KShs. 422.7 million realized in the restructuring of non-performing assets in 2016. The results for 2017 were also impacted by a tax charge for the year of KShs 181.5 million.

In view of the performance, the Board approved the payment of a second interim dividend (First interim, Kshs 57 million) bringing the total dividend pay out to 100% for the financial year to Kshs 228 million.

The Board's collective resolve is to remain committed to growing the Shareholder value by continuously reviewing operating procedures, adopting innovation, sound technological interventions and diversifications of our products within its remit to enhance the operating performance.

I am pleased to report that the new projects the Board had lined up for implementation in the financial year 2017, namely, the Avocado and Macadamia started off well and we expect to see them thrive strongly in three years' time after their respective gestation.

In the light of the global, continental and national economic outlooks Sasini is poised to continue to operate in a sustainable environment given its strong intrinsic fundamentals.

KEY LEGAL AND REGULATORY HIGHLIGHTS

The legal and regulatory environment remains an area of significance to our business and below are a few highlights of some of the legal issues in the sub-sector.

Ban on use of plastic bags and packaging
The ban imposed on the use of plastic carrier bags and for packaging materials came into effect on 28th August 2017. Despite affecting our dairy unit and a section of tea, the ban did not significantly impact our business. The affected units adopted alternative options available while also applying for exemption from the National Environment Management Authority (NEMA) regarding the use of primary industrial plastic packaging, as appropriate.

Collective Bargaining Agreements (CBA) with Kenya Plantation and Agricultural Workers Union (KPAWU)
The tea and coffee industries wage negotiations take place every two years. The CBA for the Coffee Industry covering 2015 and 2016, and 2017 and 2018 were successfully concluded and registered in September 2017.

The CBA for Tea Industry has not yet been concluded. There is still a stalemate as the Kenya Tea Growers Association (KTGA) members have challenged an industrial court ruling awarding an increase of tea plantation workers' salary by 30%, 15% in 2014 and 15% in 2015. KTGA had proposed at its negotiations with the union a 15% raise broken down to 7% for 2014, and 8% for 2015. The matter is currently being addressed by the Court of Appeal. Negotiations for 2016 and 2017 can be concluded only after the decisions of the Court of Appeal.

SOCIAL RESPONSIBILITIES

Our social responsibility to the communities around us remain key. Our company continues to assist in funding Magura Mixed Secondary School in our tea division which has a potential population of 200 students. The student population is expected to grow in the coming years as its popularity grows within the locality.

The annual farmers' day was held in December 2017 at our Kamundu Estate, in Kiambu and in line with its programme 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. In addition, farmers who had implemented the acquired skills successfully resulting in higher yields and or better crop from their farms were incentivized by being awarded prizes and trophies.

LOOKING AHEAD

As part of the continuing diversification strategic initiatives, the group introduced new lines of business, namely Macadamia and Avocado, to broaden its scope of revenue streams and strengthen its balance sheet and profitability. The thrust for these new investments was to bolster the core business of tea and coffee and also be able to mitigate the exogenous shocks that could impact the traditional business. The Avocado operations kicked off in May 2017 and had an encouraging run in its nascent year albeit for only a few months. The construction of the Macadamia nut processing factory at Kamundu Estate is nearing completion and is likely crush the first nuts in April 2018. The factory will operate within the export processing zone infrastructure and environment. Both these new lines of business, Macadamia and Avocado show a lot of promise and the respective industries are thriving globally.

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.

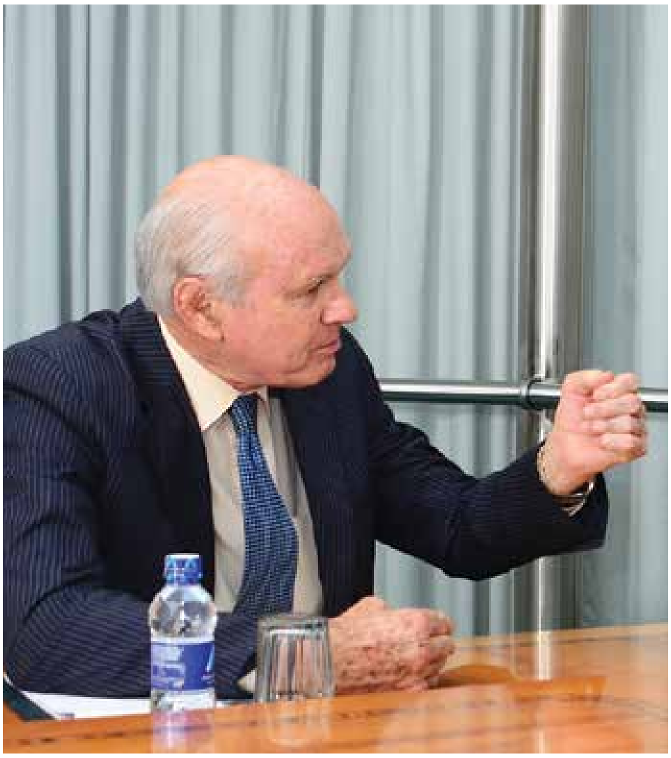
Acknowledgement
I extend my deep gratitude to the board members, management and staff of Sasini.

I also, on behalf of the Board, wish to sincerely thank our esteemed shareholders and partners for their support during the year and the trust they have bestowed upon us as their representatives. I assure them of our commitment in growing the shareholders' wealth in the company. With your unwavering support, Sasini will continue to strive for sustainable growth for the benefit of all its stakeholders.

Dr. J.B. McFie, PhD
Chairman
15 January 2018

Sasini PLC (Formerly Sasini Limited)

TAARIFA YA MWENYEKITI



MAZINGIRA YA UCHUMI NA BIASHARA

Uchumi wa Ulimwengu

Uchumi wa ulimwengu ambao mwanzoni ulikuwa umetabiriwa kukua kwa asilimia 2.7 katika mwaka 2017, ulipita matarajio na unakisiwa kuendelea mbele kwa kasi, kuleta ukuaji wa kilimwengu wa asilimia 3 katika mwaka 2018.

Wakati njia ya ukuaji wa masoko yaliokomaa itabakia thabiti katika kipindi cha muda mfupi, uwezo wa ukuaji wa haraka zaidi ni mchache, na kupunguka zaidi kwa mwendo kunawezekana kutokea baadaye katika mwongo. Kwa vile baadhi ya masoko makubwa yanayoibuka yenyewe yanakomaa, hasa China, kuna uwezekano wa kutorejea katika mielekeo ya ukuaji ya zamani. Habari nzuri ni kuwa wajibu mkuu wa ukuaji wa ubora unategemea –kuendelea kwa ujuzi wa wafanyikazi, kutumia mifumo ya kidijitali, na hasa, ukuaji wa uzalishaji thabiti – unaweza kusaidia kuendeleza ukuaji na kutoa hali nzuri zaidi kwa biashara kukua katika mwongo unaokuja.[1]

Uchumi wa Afrika

Kulingana na Mtazamo wa Kiuchumi wa Afrika wa mwaka 2017, ukuaji halisi wa Zao Ghafi la Ndani wa eneo ulipunguka kuwa asilimia 2.2 katika mwaka 2016, hasa kutokana na kuanguka kulikoendelea kwa bei za bidhaa na ukuaji uliodhoofika wa uchumi wa kilimwengu. Afrika Mashariki lilikuwa eneo lililokua kwa haraka zaidi likiwa na ukuaji halisi wa Zao Ghafi la Ndani wa asilimia 5.3, likifuatwa na Afrika Magharibi likiwa na asilimia 3. Ukuaji katika maeneo mengine ulikuwa umepungua, ukiwa wa chini ya asilimia 0.4 Afrika Magharibi, uliozoroteshwa na mdororo wa uchumi nchini Nigeria, asilimia 1.1 Afrika ya Kusini, na Afrika Kusini, ikiwa uchumi mkubwa kabisa wa eneo, ukipata ukuaji wa asilimia 0.3 pekee. Ikiwa na sekta za kibinafsi zenye nguvu, ari za ujasirimali na rasilimali nyingi sana, Afrika ina nafasi ya kukua haraka zaidi na kwa ujumuishi zaidi. Ukuaji wa wastani wa bara ulitarajiwa kurudi kuwa asilimia 3.4 katika mwaka 2017, tukichukulia kuwa ahueni iliyopatikana katika bei za bidhaa iliendelezwa, uchumi wa ulimwengu uliimarishwa na mageuzi ya uchumi mkuu wa nchini yalifanywa madhubuti. Katika mwaka 2018, ukuaji unatarajiwa kuimarika na Zao Ghafi la Ndani likipanuka kwa asilimia 4.3.[2]

Uchumi wa Taifa

Kama ilivyotajwa awali, mwaka 2017 ulianza na kipindi cha ukame ambacho kiliathiri mazao sana kutokana na mabadiliko ya hali ya anga ya kilimwengu. Ukame ulioendelea pamoja na pingamizi nyingine zenye asili ya nje kama athari hasi za Uchaguzi Mkuu wa mwezi wa Agosti, kutanguliwa kwa uchaguzi wa urais na Mahakama Kuu ya Kenya na urejelezi wake mwezi wa Oktoba, ukuaji wa polepole wa mikopo kutokana na kuweka kiwango cha juu cha riba kinachofaa kutozwa, bei za bidhaa za ulimwengu zisizokuwa madhubuti zilisababisha kupungua kasi ya ukuaji wa kiuchumi kutoka kwa makisio ya awali ya Benki ya Dunia ya asilimia 5.5 kuwa 4.9 kwa mwaka 2017.

Mwelekeo wa Kilimwengu wa Soko la Majani Chai

Kulingana na ripoti ya soko ya Utafiti wa Uwazi wa Soko kuhusu kipindi cha utabiri cha 2017 hadi 2025, soko la kilimwengu la majani chai lilitiwa thamani ya $US milioni 12,453.2 katika 2016, likikua kwa CAGR ya asilimia 5.7 kutoka 2017 hadi 2025, kuwa hesabu ya milioni $US 20.038.3 kufikia 2025. Kulingana na uwingi, soko la ulimwengu la majani chai linatarajiwa kukua kwa CAGR ya asilimia 4.6 kutoka 2017 hadi 2025. Hili ni kutokana na ukweli kuwa chai ndiyo kinywaji kinachonywewa zaidi ulimwenguni kote baada ya maji, kumudika kwake na faida za kiafya zinazotokana nayo.

Changamoto kuu zinazotarajiwa kusababisha athari kubwa kwenye ukuaji na maendeleo ya biashara ya majani chai ni badiliko katika hali ya demografia, mabadiliko ya hali ya anga, vikwazo vya rasilimali, kupatikana kwa wafanyikazi, mabadiliko katika mapendeleo ya watumizi na kubadilika kwa upesi kwa mishahara ya wafanyikazi miongoni mwa nyingine. Kupatikana kwa ardhi ya kuotesha mazao pia ni changamoto mojawapo kuu inayokabiliwa na biashara ya majani chai. Katika nchi ibuka, kama India, upungufu wa ardhi huwa kipingamizi kikuu kinachozuia ukuzaji wa zao.[3]

Mwelekeo wa Kilimwengu wa Soko la Kahawa

Bei za kahawa ziliendelea kuanguka wakati soko likibakia na kahawa ya kutosha na orodha za bidhaa hii katika nchi zinazoitumia zikiwa juu kutokana na mahuruji imara katika miezi saba ya kwanza ya mwaka wa kahawa. Soko la kahawa lilikuwa likibadilika upesi na bei za kahawa ya Arabika zikiporomoka na baadaye kurudia viwango vya awali hali kahawa ya Robusta ikimaliza na bei ya juu zaidi.

Mwezi Agosti 2017 mahuruji ya kahawa ya ulimwengu yalikuwa magunia milioni 9.87 ikilinganishwa na magunia milioni 10.77 mwezi Agosti 2016. Mahuruji katika miezi kumi na moja ya kwanza ya mwaka wa kahawa 2016/17 (Oktoba/16 hadi Agosti/17) yameongezeka kwa asilimia 5.8 kuwa magunia milioni 113.28 ikilinganishwa na magunia milioni 107.05 katika kipindi hicho hicho katika mwaka wa kahawa uliopita. Katika miezi kumi na miwili ikiishia mwezi Agosti 2017, mahuruji ya kahawa ya Arabika yalikuwa magunia milioni 77.73 ikilinganishwa na magunia milioni 71.43 mwaka jana; hali mahuruji ya kahawa ya Robusta yakiwa magunia milioni 45.34 ikilinganishwa na magunia milioni 44.57. Katika mwezi wa Septemba 2017, mahuruji ya kahawa ya Ulimwengu yalikuwa magunia milioni 8.34, ikilinganishwa na magunia milioni 9.79 mwezi Septemba 2016. Katika miezi kumi na miwili ikiishia mwezi Septemba 2017, mahuruji ya kahawa ya Arabika yalikuwa jumla ya magunia milioni 77.52 ikilinganishwa na magunia milioni 71.87 mwaka jana; hali mahuruji ya kahawa ya Robusta yalikuwa magunia milioni 44.93 ikilinganishwa na magunia milioni 45.02. Katika mwezi Oktoba 2017, mahuruji ya kahawa ya Ulimwengu yalikuwa magunia milioni 8.8, upungufu wa asilimia 11.4 ikilinganishwa na magunia milioni 9.93 katika mwezi Oktoba 2016. Katika miezi kumi na miwili ikiishia mwezi Oktoba 2017, mahuruji ya kahawa ya Arabika yalikuwa magunia milioni 76.23 ikilinganishwa na magunia milioni 72.35 mwaka jana; hali mahuruji ya kahawa ya Robusta yakiwa magunia milioni 44.12 ikilinganishwa na magunia milioni 45.14.[4]

[1] https://forextv.com/top-news/global-tea-market-is-expected-to-reach-us-20038-3-mn-by-2025-transparency-market-research/
[2] toleo la 16 African Economic Outlook.
[3] Kama 1 hapo juu
[4] http: //www. Ico.org/

TAARIFA YA MWENYEKITI (KUENDELEZA)

MATOKEO YA KIFEDHA YA KUNDI

Mtazamo wa Kijumla
Utendaji wa Kundi wa mwaka ulikuwa wa matumaini, dhidi ya ukame wa kuzidi kiasi ulioathiri maeneo mengi ya nchi. Katika mwaka, uzalishaji wa majani chai ulikuwa Tani 11,208 za majani chai yaliyotengenezwa kidogo ya juu zaidi ya Tani 11,108 zilizopatikana katika mwaka uliotangulia.

Mashamba yetu ya kahawa yalizalisha tani 851 za kahawa iliopungua kutoka Tani 944 iliozalishwa mwaka uliotangulia. Bei ya wastani iliyopatikana ya majani chai iliongezeka kuwa $US 1.99 kwa kilo ikilinganishwa na $US 1.89 kwa kilo katika mwaka uliotangulia wa kifedha. Bei ya wastani ya kahawa iliyopatikana ilikuwa $US 5.16 kwa kilo ikilinganishwa na $US 4.57 kwa kilo katika mwaka uliotangulia. Mapato na matumizi ya Kundi yaliongezeka mwaka jana kutoka KSh. bilioni 3.570 kuwa KSh. bilioni 4.201 yakikua kiimara na nguvu na faida ya jumla kutoka KSh. milioni 974 kuwa KSh. 998 kwa mwaka ulioishia tarehe 30 Septemba 2017.

Faida halisi ya mwaka ya KSh. milioni 339.41 ilikuwa ya chini kuliko faida halisi ya mwaka uliotangulia ya KSh. milioni 576.9 (ikitajwa tena).

Faida iliyotokana na kuuza kampuni ndogo, kwa jina Sasini Coffee House Limited ilikuwa KShs milioni 16.9 ambayo ilikuwa ndogo sana ikilinganishwa na Ksh. 422.7 iliyopatikana katika upangaji upya wa rasilimali ambayo haikufanya vyema mwaka 2016. Matokeo ya mwaka 2017 pia yaliathiriwa na kodi ya KSh. milioni 181.5 iliyotozwa ya mwaka.

Kutokana na utendaji huu, Halmashauri iliidhinisha ulipaji wa gawio la pili la muda la faida (gawio la kwanza la muda KSh milioni 57) likifanya jumla ya gawio la faida la milioni 228 lililolipwa kuwa asilimia mia mia katika mwaka wa kifedha.

Azimio la pamoja la Halmashauri ni kuendeleza msimamo wa kukuza thamani ya mwanahisa kwa kuendelea kuangalia utaratibu wa kuendesha shughuli, kutumia njia mpya za uzalishaji, teknolojia barabara na upanuzi wa bidhaa zetu katika bidii yake kuendeleza utendaji wa uendeshaji shughuli.

Nina furaha kuripoti kuwa, ile miradi mipya Halmashauri ilipanga kutekeleza katika mwaka wa kifedha wa 2017, yaani ya parachichi na makadamia, ilianza vyema na tunataraji kuiona ikifanikiwa vizuri katika miaka mitatu baada ya kipindi chao cha kuanza hadi kuwa tayari.

Katika muktadha wa mitazamo ya kiuchumi ya kilimwengu, kibara na kitaifa, Sasini iko tayari kuendelea kutenda kazi katika mazingira yanayoendelezeka kutokana na misingi yake halisi na thabiti.

MAELEZO MUHIMU YA KISHERIA NA KIKANUNI

Mazingira ya kisheriana kikanuni yanakuwa eneo muhimu kwa biashara yetu na hapa chini ni maelezo machache ya baadhi ya maswala ya kisheria katika sekta hii ndogo.

Marufuku ya utumizi wa mifuko ya plastiki na ya ufungizi
Marufuku iliyowekwa kwenye utumizi wa mifuko ya plastiki ya kubebea na ya kufungia ilianza tarehe 28 Agosti 2017. Dhidi ya kuathiri kitengo chetu cha bidhaa za maziwa, na sehemu mojawapo ya majani chai, marufuku haikuathiri sana biashara yetu. Vitengo vilivyoathiriwa vilitumia njia badalia zilizopo wakati pia zikiomba kuruhusiwa na Mamlaka ya Kitaifa ya Usimamizi wa Mazingira kuhusiana na utumizi wa plastiki za kufungia za kimsingi katika viwanda, kama inavyofaa. Mikataba ya Mapatano ya Pamoja na Muungano wa Wafanyikazi wa Mashamba na Kilimo wa Kenya

Mapatano ya ujira wa biashara za majani chai na kahawa hutokea kila baada ya miaka miwili. Mapatano ya ujira wa biashara ya kahawa ya miaka ya 2015 na 2016, na miaka 2017 na 2018 yalimalizwa kwa ufaulu na kusajiliwa mwezi Septemba 2017. Mapatano ya biashara ya majani chai hayajamalizwa. Bado kuna mvutano kwa vile wanachama wa chama cha wapandaji majani chai wa Kenya wamepinga uamuzi wa Mahakama ya Viwanda uliotoa ongezeko la asilimia 30 la mshahara wa wafanyikazi wa mashamba ya majani chai, asilimia 15 katika 2014 na asilimia 15 katika 2015. Chama cha wapandaji majani chai cha Kenya kilikuwa kimependekeza katika mapatano yake na muungano ongezeko la asilimia 15 likilipwa asilimia 7 mwaka wa 2014 na asilimia 8 mwaka wa 2015. Jambo hili kwa sasa linashughulikiwa na Mahakama ya Rufaa. Mapatano ya 2016 na 2017 yanaweza tu kumalizwa baada ya maamuzi ya Mahakama ya Rufaa.

WAJIBU WA KIJAMII

Wajibu wetu wa kijamii kwa jamii zilizotuzunguka unabakia muhimu. Kampuni yetu inaendelea kuifadhili Shule ya Sekondari ya Mchanganyiko ya Magura iliyopo katika kitengo chetu cha majani chai yenye uwezo wa kuchukua wanafunzi 200. Idadi ya wanafunzi inatarajiwa kuongezeka katika miaka inayokuja wakati umaarufu wake ukiongezeka katika eneo hilo.

Siku ya wakulima ya kila mwaka iliadhimishwa mwezi Desemba 2017 katika shamba letu la Kamundu, Kiambu na kulingana na ratiba yake, wakulima wetu wapanzi walielezwa kuhusu elimu ya kifedha, mbinu za ukulima za kuendelezeka na mikakati ya kiteknolojia katika ukuzaji wa kahawa, makadamia na miparachichi na pia njia mpya za kutega uchumi. Na zaidi, wakulima waliotekeleza ujuzi walioupata kwa ufaulu na kupata mazao zaidi, na au mazao bora kutoka kwa mashamba yao walimotishwa kwa kupatiwa zawadi na tuzo.

KUTAZAMA MBELE

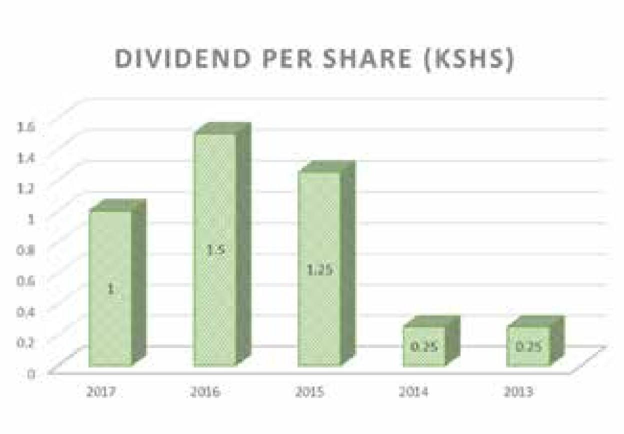
Kama sehemu za juhudi za kimkakati zinazoendelea za kupanua biashara, Kundi lilianzisha aina mpya za biashara, yaani makadamia na parachichi kupanua mawanda yake ya njia za mapato na kuimarisha rasilimali yake na faida. Msukumo wa vitega uchumi hivi vipya ulikuwa ni kuimarisha biashara kuu ya majani chai na kahawa na pia kuweza kukabiliana na pingamizi zenye asili za nje zinazoweza kuathiri biashara asilia. Shughuli za parachichi zilianza mwezi Mei 2017 na zilikuwa za kutumainisha katika mwaka wake wa kuanza ijapokuwa kwa miezi michache tu. Ujenzi wa kiwanda cha kutengenezea makadamia katika shamba la Kamundu unakaribia kukamilika na kinaweza kuvunja makadamia ya kwanza mwezi Aprili 2018. Kiwanda kitafanya kazi katika muundo msingi na mazingira ya eneo la utengenezaji wa biasharanje. Zote biashara hizi mpya, Makadamia na Parachichi zinaonyesha matumaini mengi na biashara zinazohusiana nazo zinafanya vyema ulimwenguni.

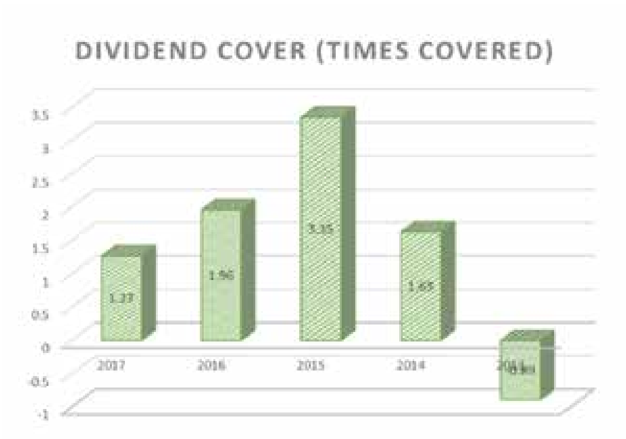
Kila mara Usimamizi unajaribu biashara mpya na mipango kwa juhudi za kuendesha biashara katika mazingira ya biashara yanayobadilika na pia kupanua na kukuza thamani ya mwanahisa. Msisitizo wa ubora pamoja na wingi na uendelezaji ukihimizwa, unabakia juu kabisa kwenye ajenda ya utekelezaji.

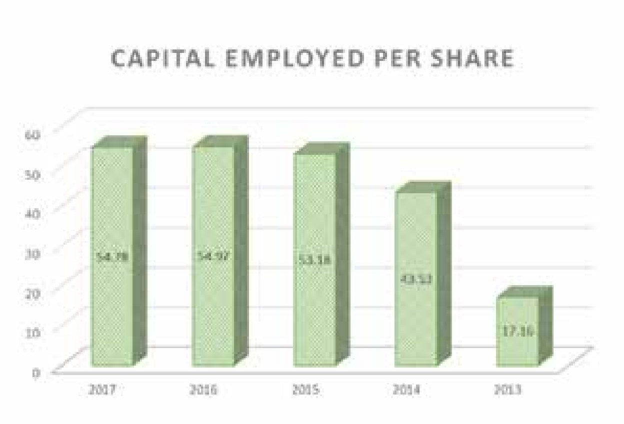
Shukrani
Ninatoa shukrani zangu za dhati kwa wanachama wa halmashauri, usimamizi na wafanyikazi wa Sasini. Pia, kwa niaba ya Halmashauri, ningependa kuwashukuru sana wanahisa wetu watukufu na wabia kwa usaidizi wao katika mwaka na imani waliotupatia kama wawakilishi wao. Ninawahakikishia kujitolea kwetu katika kukuza mali ya wanahisa katika kampuni. Sasini itaendelea kujitahidi kuwa na ukuaji wa kuendelezeka kwa manufaa ya wanahisa wake wote kwa usaidizi wenu usiotetereka.

Dr. J.B. McFie, PhD
Chairman
15 January 2018

GRAPHICAL HIGHLIGHTS







REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the consolidated and separate financial statements for the year ended 30 September 2017, 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. Change of name

Pursuant to section 53 of the Kenyan Companies Act, 2015, the Company changed its name from Sasini Limited to Sasini PLC on 22 May 2017.

3. Results

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

4. Dividends

A first interim dividend of 25% (KShs 0.25 per share: 2016 – 25%: KShs 0.25 per share) was declared and paid on 4 July 2017. The directors recommended the payment of a second interim dividend of 75% (KShs 0.75 per share: 2016 – 125%: KShs 1.25 per share) payable on or about 21st February 2018 to the members on record at the close of business on 6th February 2018. This amounts to a total dividend of 100% (KShs 1.00 per share for the year: 2016 – 150% KShs 1.50 per share).

5. Equity and reserves

The authorized issued share capital and reserves of the Group and Company at 30th September 2017 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 2017.

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

6. Property, plant and equipment

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

7. 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. N. N. Merali and Mr. A. H. Butt retire by rotation, and being eligible, offer themselves for re-election.

In accordance with regulation 100 of the Articles of Association, Mrs Betty Koech and Mrs Rosemary Munyiri, who were appointed to fill casual vacancies, retire, and being eligible, offer themselves for re-election.

Mrs Lucy Waithaka, who retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 does not offer herself for re-election.

8. Business review

Performance and position of the Group

The Group's performance for the year was, despite the extreme drought that ravaged most parts of the country, encouraging. Tea production during the year was 11,208 tonnes of made tea marginally above 11,108 tonnes achieved in the previous year. Our Coffee estates produced 851 tonnes of coffee down from 944 tonnes produced in the previous year.

The average price realized for tea marginally increased to USD 1.99/kg compared to USD 1.89/kg in the previous financial year. The average price realized for coffee was USD 5.16/kg compared to USD 4.57/kg in the previous year.

Growing steadily from strength to strength, the Group turnover increased from KShs 3.570 billion last year to KShs 4.201 billion and the gross profit from KShs.974 million to KShs. 998 million for the year ended 30 September 2017. The net profit for the year of KShs. 339.41 million was lower than the previous year's net profit of KShs. 576.99 million (restated).

The gain arising from the disposal of a subsidiary, namely, Sasini Coffee House Limited was Shs. 16.9 million which paled in comparison to the KShs 422.7 million realized in the restructuring of non-performing assets in 2016.

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.

REPORT OF THE DIRECTORS (CONTINUED)

8. Business review (Continued)

Principal risks and uncertainties (continued)

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:

- 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 company 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 company 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

As part of the continuing diversification strategic initiatives and risk management, the group introduced new lines of business, namely Macadamia and Avocado, to broaden its scope of revenue streams and strengthen its balance sheet and profitability. The thrust for these new investments was to bolster the core business of tea and coffee and also be able to mitigate the exogenous shocks that could impact the traditional business. The Avocado operations kicked off in May and had an encouraging run in its nascent year albeit for only a few months. The construction of the Macadamia nut processing factory at Kamundu Estate is nearing completion and is likely to crush the first nuts in April 2018. The factory will operate within an export processing zone infrastructure and environment. Both these new lines of business, Macadamia and Avocado, show a lot of promise and the respective industries are thriving globally.

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.

9. Donations

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

Donations of KShs 2,767,160 (2016: KShs 1,888, 372) were made to charitable organisations during the year.

10. 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.

11. 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 %	
	2017	**2016**
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.51	12.60
East Africa Batteries Limited	11.02	10.89
Gulamali Ismail	8.25	8.64
	73.62	73.97

12. Directors' interests

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

Name of Director	2017 No. of shares	2016 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.

13. 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.

14. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors held on 15 January 2018.

BY ORDER OF THE BOARD

Lawrence Chelimo Kibet CPS-K
Company Secretary
Date: 15 January 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 2017, 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. Badiliko la Jina

Kufuatana na sehemu ya 53 ya Sheria za Makampuni ya Kenya 2015, Kampuni ilibadilisha jina lake kutoka Sasini Limited kuwa Sasini PLC tarehe 22 Mei 2017.

3. Matokeo ya Mwaka

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

4. Mgawo wa Faida

Mgawo wa kwanza wa muda wa asilimia 25 (KSh. 0.25 kwa hisa: 2016 – asilimia 25: KSh 0.25 kwa hisa) ulitangazwa na kulipwa tarehe 4 Julai 2017. Wakurugenzi walipendekeza malipo ya mgawo wa pili wa muda wa asilimia 75 (KSh. 0.75 kwa hisa: 2016 – asilimia 125: KSh. 1.25 kwa hisa) yatakayolipwa tarehe 21 Februari 2018 au karibu na hapo kwa wanachama kwenye rekodi wakati wa kufunga biashara tarehe 6 Februari 2018. Hii ni jumla ya mgawo wa faida ya asilimia 100 (KSh. 1.00 kwa hisa kwa mwaka: 2016 – asilimia 150 KSh. 1.50 kwa hisa).

5. Rasilimali ya Hisa na Akiba

Rasilimali ya hisa na akiba za Kampuni na Kundi zilizoidhinishwa na kutolewa kufikia tarehe 30 Septemba 2017 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 2017.

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

6. Mali, Mtambo na Vifaa

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

7. 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. N. N. Merali na Bw. A. H. Butt wanastaafu kwa zamu na kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

Kuambatana na kanuni ya 100 ya Kanuni za Kampuni, Bi Betty Koech na Rosemary Munyiri waliochaguliwa kujaza nafasi zilizoachwa wazi, wanajiuzulu, na kwa kuwa wanastahiki, wanajitolea kuchaguliwa tena.

Bi. Lucy Waithaka ambaye anajiuzulu kufuatana na Kanuni za Mazoea ya Uongozi Bora wa Makampuni zilizotoa hisa kwa umma 2015, hajitolei kuchaguliwa tena.

8. Mtazamo wa Biashara

Utendaji na Nafasi ya Kundi

Utendaji wa Kundi wa mwaka ulikuwa wa kutia moyo, dhidi ya ukame mkali sana ulioathiri sehemu nyingi sana za nchi. Uzalishaji wa majani chai katika mwaka ulikuwa tani 11,208 za majani chai yaliyotengenezwa, kidogo juu zaidi ya tani 11,108 zilizopatikana katika mwaka uliotangulia. Mashamba yetu ya kahawa yalizalisha tani 851 za kahawa iliopungua kutoka tani 944 zilizozalishwa mwaka uliotangulia.

Bei ya wastani iliopatikana ya majani chai iliongezeka kidogo kuwa $US 1.99 kwa kilo ikilinganishwa na $US 1.89 kwa kilo katika mwaka wa kifedha uliopita. Bei ya wastani iliopatikana ya kahawa ilikuwa $US 5.16 kwa kilo ikilinganishwa na $US 4.57 kwa kilo mwaka uliopita.

Mapato na matumizi ya Kundi yaliongezeka mwaka jana kutoka KSh. bilioni 3.570 kuwa KSh. bilioni 4.201 na faida ya jumla kutoka KSh. milioni 974 kuwa KSh. milioni 998 kwa mwaka ulioishia tarehe 30 Septemba 2017, yalikua na kuimarika kwa nguvu. Faida halisi ya mwaka ya KSh. milioni 339.41 ilikuwa chini kuliko faida halisi ya mwaka uliotangulia ya KSh. milioni 576.9 (ikitajwa tena).

Ongezeko lililotokana na uuzaji wa kampuni ndogo, yaani Sasini Coffee House Limited lilikuwa KSh. milioni 16.9 ambayo ilikuwa ndogo sana ikilinganishwa na Ksh. milioni 422.7 zilizopatikana katika upangaji upya wa rasilimali ambayo haikutenda vyema katika mwaka wa 2016.

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 ya anga yanayosababishwa na mabadiliko ya anga katika nchi. Matokeo zaidi ya ukali wa ukame na mafuriko ni ya kutia wasiwasi. Kundi limeanzisha mikakati ya kuzuia hatari ya kilimo ambayo ni pamoja na: upanuzi wa bidhaa za kilimo na taratibu na utumizi wa desturi za kilimo za busara.

Usimamizi wa hatari wa kundi kuhusiana na hatari ya kilimo hulenga kwenye kutazamia, kuepuka na 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 zinazoendelezwa zina fedha tasilimu na ulinganifu wa fedha tasilimu, vitega uchumi, mapato, mikopo ya benki na ya kulipwa zinazoiacha 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.

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 zinazohusisha taratibu za Kundi, wafanyikazi, teknolojia na muundomsingi,

RIPOTI YA WAKURUGENZI (KUENDELEZA)

8. Mtazamo wa Biashara (Kuendeleza)

Hatari Kuu na Kutokuwa na Uhakika (Kuendeleza)

na kutokana na vipengele vya nje kama vile vinavyotokana na mahitaji ya kisheria na kikanuni na kawaida viwango vinavyokubalika vya ufanyaji kazi vya shirika, muundomsingi mbaya, hasa barabara za vijijini na barabara kuu, maswala ya umiliki wa ardhi na gharama za 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.

Jukumu muhimu la maendeleo na utekelezaji wa vidhibiti kushughulikia hatari za uendeshaji shughuli linapatiwa Usimamizi. Jukumu hili linasaidiwa na kuendeleza matarajio ya jumla ya Kundi ya 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;
— Uandikaji wa hati za 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;
— Mataraji 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

Kama sehemu ya juhudi za kimkakati za kuendeleza kupanua biashara na usimamizi wa hatari, Kundi limeanzisha aina mpya za biashara, yaani makadamia na parachichi, kupanua mawanda yake ya njia za mapato na kuimarisha uwiano wake wa fedha na faida. Msukumo wa vitega uchumi hivi vipya ulikuwa kuinua biashara ya maana ya majani chai na kahawa na pia kuweza kuzuia mapigo yenye athari za nje yanayoweza kuathiri biashara asilia. Shughuli za parachichi zilianza mwezi Mei na zimekuwa na matokeo ya matumaini katika mwaka wake wa uanzilishi ijapokuwa kwa miezi michache tu. Ujengaji wa kiwanda cha kutengenezea makadamia katika shamba la Kamundu uko karibu kumalizika na kinaweza kuvunja makadamia ya mwanzo mwezi Aprili 2018. Kiwanda kitatenda kazi katika muundomsingi na mazingira ya utengenezaji biashara nje. Zote aina hizi mbili za biashara, makadamia na parachichi, zinaonyesha matumaini mengi na biashara zinazohusiana nazo zinastawi ulimwenguni.

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 uwingi na ukikazaniwa na uendelezaji unabakia muhimu kwenye ajenda ya utendaji.

9. Michango

Kampuni haikutoa michango yoyote kwa chama chochote cha kisiasa katika mwaka.

Mchango wa KShs 2,767,160 (2016: KShs 1,888,372) ulitolewa kwa mashirika ya kutoa misaada katika mwaka.

10. 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 anahitaji kuchukua kama mkurugenzi ili ajue habari zozote husika za ukaguzi wa hesabu na kuhakikisha kuwa wakaguzi wa hesabu wa kampuni wana ufahamu wa habari hizo.

11. Umilikaji wa Hisa Nyingi

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

	Umilikaji wa hisa %	
	2017	**2016**
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.51	12.60
East Africa Batteries Limited	11.02	10.89
Gulamali Ismail	8.25	8.64
	73.62	73.97

12. Ushirika wa Wakurugenzi

Ushirika wa wakurugenzi katika hisa za Kampuni ni kama ufuatao:

	2017	**2016**
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

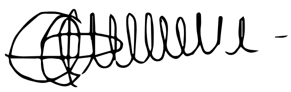
13. Wakaguzi

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

14. Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha ziliidhinishwa kutolewa katika mkutano wa wakurugenzi uliofanyika tarehe 15 Januari mwaka 2018.

KWA AMRI YA HALMASHAURI



LAWRENCE KIBET, CPS (K)
KATIBU WA KAMPUNI
Date: 15 Januari 2018

DIRECTORS REMUNERATION REPORT

This Directors' remuneration report sets out the remuneration arrangements for Sasini Plc (formely Sasini Limited) directors for the year ended 30 September 2017.

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
Mrs. L.W. Waithaka, MSc	Non-executive Director
Dr. S.O. Mainda, PhD, MA, ACII, EBS	Non-executive Director
M.K. Changwony, BA (Hons), MBS	Group Managing Director (retired 31.12.2016)
S. M. Githiga, MBA, Bsc, CPA (Kenya)	Group Managing Director

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 committtees.

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.

Executive Director Remuneration Policy
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 (2016: None).

Contract of service – Executive directors

Name	Date of contract	Unexpired term	Notice period	Amount payable for early termination
M.K. Changwony	31 December 2013	None	3 months	Salary in lieu of notice period
S. M. Githiga	31 December 2016	1 year, 3months	3 months	Salary in lieu of notice period

DIRECTORS REMUNERATION REPORT (CONTINUED)

Directors' remuneration paid during the year

Non-executive directors

	2017			2016		
	Fees KShs'000	Sitting Allowance KShs'000	Total KShs'000	Fees KShs'000	Sitting Allowance KShs'000	Total KShs'000
Dr. J.B. McFie*	600	93	693	600	63	663
Dr. N. N. Merali	500	40	540	500	30	530
A.H. Butt	500	110	610	500	110	610
S.N. Merali	500	63	563	500	60	560
Mrs. L.W. Waithaka	500	70	570	500	70	570
Dr. S.O. Mainda	500	70	570	500	63	563
A.R. Kassam	-	-	-	-	18	18
Total	**3,100**	**446**	**3,546**	**3,100**	**414**	**3,514**

*These fees were paid to educational charities.

Executive directors

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	1,820
Total	**17,177**	**8,846**	**1,511**	**2,958**	**30,492**

2016:	**Basic pay KShs'000**	**Gratuity/pension KShs'000**	**Bonus KShs'000**	**Non-cash benefits KShs'000**	**Total KShs'000**
M.K. Changwony	10,894	2	1,789	3,656	16,341
Total	**10,894**	**2**	**1,789**	**3,656**	**16,341**

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.

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:

Nominations, Human Resources 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;

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.

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 Managing Director's responsibilities are set out in the Board Charter. The Managing Director is supported by his Executive Team which meets weekly to plan the execution of the Group strategy.

CORPORATE GOVERNANCE (CONTINUED)

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 4. For details of Directors' attendance at Board and Committee Meetings for the year ended 30 September 2017, refer to Directors' Meetings on page 25.

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 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 Nomination 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 Nomination 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 Human Resources and Remuneration Committee is responsible for reviewing the Diversity program.

6. Performance review of the Board and senior executives

The Nomination Committee is responsible for establishing the processes for reviewing the performance of the Board, the Board's Committees and individual Directors. The Board, Human Resources and Remuneration Committee, Nomination Committee, Risk and Audit Committee and Technology, Strategy and Finance Committee, periodically self-assess their performance against a range of set criteria developed annually by the Nomination Committee. The Nomination Committee has considered and reviewed the performance of the Board, individual Directors, the Board Committees and senior executives during the year ended 30 September 2017. 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 Human Resources and Remuneration Committee is responsible for reviewing and recommending remuneration arrangements for the Managing Director and Executive Team who report directly to the 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) Nomination 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. 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 2017.

(b) Finance, Strategy and Technology 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 technol ogies 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)

(b) Finance, Strategy and Technology 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 inte gration 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.

(c) 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.

(d) 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.
— Securities Trading Policy

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

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.

CORPORATE GOVERNANCE (CONTINUED)

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

(b) Sasini Group has adopted the Securities Trading Policy that is intended to: (continued)

The Securities Trading Policy applies to:

— All Directors and officers of Sasini Group including the Managing Director;
— All direct reports to the 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 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 accor dance 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.

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.

CORPORATE GOVERNANCE (CONTINUED)

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/Board Committees Attendance

The following table gives the record of attendance of the Sasini Board and its Committee meetings for the year ended 30 September 2017:

Audit Committee meetings and members' attendance for 2016/17

MEMBER/IN ATTENDANCE	POSITION	8TH DECEMBER 2016	15TH FEBRUARY 2017	9TH MAY 2017	6TH SEPTEMBER 2017
L. W. Waithaka	Chairperson	√	√	√	√
S. N. Merali	Member	√	√	√	√
S. M. Githiga	GMD	X	√	√	√
J. B. McFie	Member	√	√	√	√
S. K. Odalo	GFC	√	√	√	√
L. Kibet	Company Secretary	√	√	√	√

Nomination and Remuneration Committee meetings and members' attendance for 2016/17

MEMBER/IN ATTENDANCE	POSITION	7TH DECEMBER 2016	16TH FEBRUARY 2017	10TH MAY 2017	7TH SEPTEMBER 2017
S. O. Mainda	Chairman	√	√	√	-
J. B. McFie	Member	√	√	√	√
A. Butt	Member	√	√	√	√
S. M. Githiga	GMD	X	√	√	√
P. Keah	Head of Human Resources	√	√	√	√
L. Kibet	Company Secretary	√	√	√	√

Overall Board members' attendance for 2016/17

DIRECTOR/IN ATTENDANCE	POSITION	15TH DECEMBER 2016	3RD MARCH 2017	24TH MAY 2017	11TH OCTOBER 2017
J. B. McFie	Chairman	√	√	√	√
L. W. Waithaka	Member	√	√	√	√
N. N. Merali	Member	√	√	√	√
S. O. Mainda	Member	√	√	√	√
S. Merali	Member	√	X	√	√
A. Butt	Member	√	√	√	√
S. M. Githiga	GMD	X	√	√	√
S. K. Odalo	GFC	√	√	√	√
L. Kibet	Company Secretary	√	√	√	√

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

CORPORATE GOVERNANCE (CONTINUED)

Top ten shareholders at 30 September 2017

The ten largest shareholders of the Company as at 30 September 2017 were as follows:

No.	Name of shareholder	No. of shares	% Shareholding
1	Legend Investments Limited	95,417,345	41.84
2	Yana Towers Limited	28,252,240	12.51
3	East African Batteries Limited	25,135,700	11.02
4	Gulamali Ismail	18,825,300	8.25
5	Gidjoy Investments Limited	7,000,000	3.07
6	Karim Jamal	4,587,841	2.01
7	Tropical Veterinary Services Limited	4,024,400	1.76
8	Standard Chartered Nominess Limited A/C 9532	3,824,800	1.68
9	Bid Plantations Limited	2,150,000	0.94
10	Shardaben Vithaldas Morjaria	2,111,780	0.93

Distribution of shareholders

Shareholding (No. of Shares)	No. of Shares held	No. of Shareholders	% Shareholding
Less than 500	771,075	3,365	0.34
500 - 5,000	4,138,735	2,493	1.92
5,001 - 10,000	2,026,872	276	0.89
10,001 – 100,000	10,778,605	372	4.73
100,001-1,000,000	13,939,807	60	6.11
Above 1,000,000	196,400,406	14	86.01
Total	**228,055,500**	**6,580**	**100.00**

Dr. J.B. McFie, PhD
Chairman

S. M. Githiga
Director

Date: 15 January 2018

Sasini PLC (Formerly Sasini Limited)

CORPORATE SOCIAL INVESTMENT

In the fulfilment of its corporate citizenship role, the Company continued to undertake Corporate Social Investment activities by contributing towards education development and economic empowerment of the local communities within its operating environment.

Towards education, the company continues in funding the Magura Secondary School which has a potential student population of 200 students and admits students from the catchment area.

The company continues to support four (4) primary schools and early childhood development schools. To excite learners to attain their educational ambitions, the company rewards best performing students in national examinations (KCPE) during prize giving days. It also caters to other needs like footwear, school bags, books, computer and laboratory equipment.

The company has also constructed and funded health facilities that give free medical care to all our staff.

The company provides economic empowerment to its local farmers by holding annual open days where farmers are sensitized on financial literacy, sustainable farming techniques and new investment options including intercropping by growing of Macadamia nut and Avocado trees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Sasini PLC (formerly Sasini Limited) set out on pages 33 to 94 which comprise the statements of financial position as at 30 September 2017, 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 state of affairs of the group and of the company as at the end of the financial year and of the operating results 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 state of the financial affairs of the group and the company and of the group and company operating results 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 Company and its subsidiaries' ability to continue as a going concern and have no reason to believe the company and its subsidiaries 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 15 January 2018 and were signed on its behalf by:

Dr. J.B. McFie, PhD
Chairman

S. M. Githiga
Director

Date: 15 January 2018

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI PLC (FORMERLY SASINI LIMITED)

Report on the audit of the consolidated and separate financial statements

Unqualified opinion

We have audited the consolidated and separate financial statements of Sasini PLC (formely Sasini Limited) (the Group and Company) set out on pages 33 to 94 which comprise the consolidated and Company statements of financial position at 30 September 2017, 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 (formerly Sasini Limited) as at 30 September 2017, 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 unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 unqualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Adoption of amendments to IAS 41 Agriculture and IAS 16 Property, Plant and Equipment – bearer plants and restatement of prior year balances (applicable to consolidated and separate financial statements)	
See note 3 (h), 3 (j), note 18, note 20 and note 40 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
Adoption of the amendments to IAS 41 Agriculture on the accounting for bearer plants is a key audit matter due to the significance of the balances, and complexity and subjectivity over estimating the cost and useful lives for bearer plants. The risk is that the carrying value of bearer plants, and therefore property and equipment may be misstated.	Our audit procedures in this area included, among others: - Evaluating the Group's, the Company's and industry trends with regards to the useful lives of tea and coffee bushes.
The application of the amendments requires management to make judgments: - to determine the original cost of bearer plants at the time of planting or the deemed cost (which is the most recent fair value of those assets), in the absence of a reliable means to obtain the original cost; - to determine the unit of account, which is the basis on which cost is allocated for the bearer plants; and - to determine the useful lives of the bearer plants, the period over which the cost/deemed cost will be depreciated.	- Evaluating on a sample basis the relevance and accuracy of the input data in the valuation of bearer plants. - Evaluating the appropriateness of accounting entries recorded and the restatement of financial statements as required by IFRSs. - Evaluating the adequacy of the financial statement disclosures.

KPMG

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

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

Key audit matters (continued)

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. Due to the nature of the asset, 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 plans, as well as our understanding of the industry and the economic environment the Group 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.
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 arising from carry-forward tax losses amounting to KShs 184 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. 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 and utilisation of tax losses before they expire.	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 accuracy of forecast future taxable profits by evaluating historical forecasting accuracy 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 adequacy of financial statement disclosures.
Accounting for disposal of Savannah Coffee House Limited (formerly Sasini Coffee House Limited) (applicable to consolidated and separate financial statements)	
See note 3 (a) and note 41	
The key audit matter	**How the matter was addressed in our audit**
During the year, the Group completed the disposal of its investment in Savannah Coffee House Limited (formerly Sasini Coffee House Limited). We identified assessing the accounting for the disposal of Savannah Coffee House as a key audit matter because of the significance of the transaction during the year.	Our audit procedures in this area included, among others: — Reading the sale and purchase agreements to obtain an understanding of the key terms of the disposal including but not limited to date of disposal and proceeds/consideration. — Reviewing the underlying results of the business for the period up until disposal through detailed testing of transactions. — Evaluating management's computation of the gain or loss on disposal against the key terms of the sale and purchase agreements. — Evaluating the adequacy of financial statement disclosures.

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

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

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 auditor's report there on.

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.

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.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

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.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI PLC (FORMERLY SASINI LIMITED) 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)

— 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 auditor's 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 auditor's 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 financial statements, including the disclosures, and whether the 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.

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 auditor's 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 in our opinion:
i. the information given in the report of the directors on pages 14 to 15 is consistent with the financial statements; and
ii. the auditable part of the directors' remuneration report on pages 18 to 19 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

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

KPMG Kenya

Date: 15 January 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 KShs'000	2016 Restated KShs'000
Revenue	8	4,201,195	3,570,629
Cost of sales	9	(3,203,192)	(2,596,454)
Gross profit		**998,003**	**974,175**
Fair value changes on biological assets	20(a)	81,746	(117,997)
Other income	10	98,531	612,547
Total operating income		**1,178,280**	**1,468,725**
Administration and establishment expenses	11	(759,072)	(776,680)
Selling and distribution costs	12	(46,027)	(35,484)
Results from continuing operations		**373,181**	**656,561**
Finance income	13(a)	141,864	116,869
Finance costs	13(b)	(11,024)	(13,612)
Net finance income	**13**	**130,840**	**103,257**
Profit before tax from continuing operations		**504,021**	**759,818**
Loss of control			
Gain on disposal of subsidiary	41	16,900	-
Profit before tax	14	**520,921**	**759,818**
Tax expense	15(a)	(181,514)	(182,833)
Profit for the year		**339,407**	**576,985**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in deferred tax with change in tax rate	30	-	(241,484)
Remeasurement of post-employment benefits, net of tax	31	(26,319)	1,945
Total comprehensive income		**313,088**	**337,446**
Profit attributable to:			
Owners of the company		346,183	587,655
Non-controlling interest		(6,776)	(10,670)
		339,407	**576,985**
Total comprehensive income attributable to:			
Owners of the company		319,662	356,516
Non-controlling interest		(6,574)	(19,070)
		313,088	**337,446**
Profit attributable to the owners of company comprise:			
Profit arising from operating activities		288,961	670,253
Fair value changes on biological assets- net of tax		57,222	(82,598)
		346,183	**587,655**
Earnings per share:			
Basic and diluted (KShs)	16	**1.52**	**2.58**
Dividend per share (KShs)	17	**1.00**	**1.50**

The notes set out on pages 43 to 94 form an integral part of the financial statements.

Sasini

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 KShs'000	2016 Restated KShs'000
Revenue	8	1,705,553	1,296,513
Cost of sales	9	(1,478,160)	(977,664)
Gross profit		**227,393**	**318,849**
Fair value changes on biological assets	20(b)	52,388	(33,300)
Other income	10	361,767	917,865
Total operating income		**641,548**	**1,203,414**
Administration and establishment expenses	11	(385,007)	(377,079)
Selling and distribution costs	12	(7,695)	-
Results from continuing operations		**248,846**	**826,335**
Finance income	13(a)	72,180	20,307
Finance costs	13(b)	10,988)	(5,850)
Net finance income	**13**	**61,192**	**14,457**
Profit before tax from continuing operations		**310,038**	**840,792**
Loss of control			
Loss on disposal of subsidiary	41	(27,899)	-
Profit before tax	**14**	**282,139**	**840,792**
Tax expense	15(a)	(47,082)	(91,612)
Profit for the year		**235,057**	**749,180**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in deferred tax with changes in rate	30	-	(175,972)
Remeasurement of post-employment benefits, net of tax	31	1,693	(2,809)
Total comprehensive income		**236,750**	**570,399**
Profit is made up as follows:			
Profit arising from operating activities		198,385	772,490
Fair value changes on biological assets- net of tax		36,672	(23,310)
		235,057	**749,180**
Earnings per share:			
Basic and diluted (KShs)	16	**1.03**	**3.29**
Dividend per share (KShs)	17	**1.00**	**1.5**

The notes set out on pages 43 to 94 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

		2017	2016	2015
			Restated	Restated
ASSETS	**Note**	**KShs'000**	**KShs'000**	**KShs'000**
Non-current assets				
Property, plant and equipment	18(a)	8,827,710	8,888,273	8,972,529
Capital work-in-progress	18(c)	188,688	58,724	33,358
Intangible assets	19	4,871	7,275	8,393
Biological assets	20(a)	1,171,379	1,097,036	1,180,593
Prepaid leases on leasehold land	21	17,585	17,838	18,473
Available-for-sale financial asset	22	525	525	525
Deferred tax asset	30	97	26,192	77,070
		10,210,855	10,095,863	10,290,941
Current assets				
Inventories	24	284,214	364,524	341,362
Biological Assets	20(a)	251,034	225,419	245,559
Trade and other receivables	25	997,224	456,078	510,106
Amounts due from related companies	26(a)	18,005	2,397	1,208
Tax recoverable	15(b)	27,817	7,307	5,474
Cash and cash equivalents	27	1,406,876	1,954,551	1,200,514
		2,985,170	3,010,276	2,304,223
TOTAL ASSETS		**13,196,025**	**13,106,139**	**12,595,164**
EQUITY AND LIABILITIES				
Capital and reserves (Pages 37 & 38)				
Share capital	28	228,055	228,055	228,055
Non-distributable reserves	29	7,911,934	7,881,233	8,368,666
Distributable reserves	29	2,869,801	2,931,517	2,200,450
		11,009,790	11,040,805	10,797,171
Non-controlling interest	29	306,087	320,800	346,780
Total equity		11,315,877	11,361,605	11,143,951
Non-current liabilities				
Deferred tax liability	30	894,847	941,723	766,687
Post-employment benefits	31	281,360	232,488	216,814
		1,176,207	1,174,211	983,501
Current liabilities				
Post-employment benefits	31	41,602	26,979	28,596
Amounts due to related parties	26	90	531	1,082
Trade and other payables	32	547,496	487,043	429,139
Borrowings	39	100,852	-	
Tax payable	15(b)	13,901	55,770	8,895
		703,941	570,323	467,712
TOTAL EQUITY AND LIABILITIES		**13,196,025**	**13,106,139**	**12,595,164**

The financial statements set out on pages 33 to 94 were approved by the Board of Directors on 15 January 2018 and signed on its behalf by:

Dr. J.B. McFie, PhD
Chairman

S. M. Githiga
Director

The notes set out on pages 43 to 94 form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

		2017	2016	2015
			Restated	Restated
ASSETS	**Note**	**KShs'000**	**KShs'000**	**KShs'000**
Non-current assets				
Property, plant and equipment	18(b)	5,955,317	5,954,537	6,018,686
Capital work-in-progress	18(c)	71,808	57,179	-
Intangible assets	19	3,660	5,541	5,855
Biological assets	20(b)	56,748	21,854	25,599
Prepaid leases on leasehold land	21	6,974	7,077	7,633
Investment in subsidiary companies	23	145,797	172,697	172,697
		6,240,304	6,218,885	6,230,470
Current assets				
Inventories	24	73,426	94,723	96,595
Biological Assets	20(b)	190,069	172,163	196,303
Trade and other receivables	25	541,917	140,863	205,944
Amounts due from related companies	26(a)	141,547	328,450	31,429
Tax recoverable	15(b)	30,393	-	-
Cash and cash equivalents	27	524,718	797,943	317,023
		1,502,070	1,534,142	847,294
TOTAL ASSETS		**7,742,374**	**7,753,027**	**7,077,764**
EQUITY AND LIABILITIES				
Capital and reserves (Pages 39 & 40)				
Share capital	28	228,055	228,055	228,055
Non-distributable reserves	29	5,656,450	5,618,085	5,779,547
Distributable reserves	29	1,179,828	1,323,526	686,917
Total equity		7,064,333	7,169,666	6,694,519
Non-current liabilities				
Deferred tax liability	30	366,227	361,273	190,160
Post-employment benefits	31	22,327	21,847	15,113
		388,554	383,120	205,273
Current liabilities				
Post-employment benefits	31	4,929	3,721	3,208
Amounts due to related companies	26(b)	-	-	49,499
Trade and other payables	32	183,706	176,456	123,862
Borrowings	39	100,852	-	-
Tax payable	15(b)	-	20,064	1,403
		289,487	200,241	177,972
TOTAL EQUITY AND LIABILITIES		**7,742,374**	**7,753,027**	**7,077,764**

The financial statements set out on pages 33 to 94 were approved by the Board of Directors on 15 January 2018 and signed on its behalf by:

Dr. J.B. McFie, PhD
Chairman

S. M. Githiga
Director

The notes set out on pages 43 to 94form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

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
At 1 October 2016 – previously reported	228,055	98,530	7,627,565	2,684,421	52,649	2,619,820	285,069	13,596,109	364,123	13,960,232
Impact of change in accounting policy (Note 40 (b))	-	-	-	(2,581,932)	-	26,628	-	(2,555,304)	(43,323)	(2,598,627)
Restated 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 41)	-	-	-	-	-	(8,594)	-	(8,594)	(8,139)	(16,733)
Final 2016 dividend paid	-	-	-	-	-	-	(285,069)	(285,069)	-	(285,069)
Interim 2017 dividend paid	-	-	-	-	-	(57,014)		(57,014)	-	(57,014)
Proposed final 2016 dividend	-	-	-	-	-	(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 94 form an integral part of the financial statements.

Sasini

Sasini

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

2016:	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
At 1 October 2015 – previously reported	228,055	98,530	7,887,974	2,702,081	50,520	2,144,228	57,014	13,168,402	390,103	13,558,505
Impact of change in accounting policy (Note 40(b))	-	-	-	(2,370,439)	-	(792)	-	(2,371,231)	(43,323)	(2,414,554)
Restated balance as at 1 October 2015	**228,055**	**98,530**	**7,887,974**	**331,642**	**50,520**	**2,143,436**	**57,014**	**10,797,171**	**346,780**	**11,143,951**
Total comprehensive income for the year										
Profit for the year – As restated	-	-	-	-	-	587,655	-	587,655	(10,670)	576,985
Other comprehensive income										
Fair value gain biological assets after tax – As restated	-	-	-	(117,997)	-	117,997	-	-	-	-
Remeasurement of post employment Benefits, net of tax	-	-	-	-	2,129	-	-	2,129	(184)	1,945
Change in deferred tax rate on revaluation (Note 30)	-	-	(233,268)	-	-	-	-	(233,268)	(8,216)	(241,484)
Revaluation transfer on disposal	-	-	(20,585)	(111,156)	-	131,741	-	-	-	-
Deferred tax on disposed items	-	-	(6,556)	-	-	792	-	(5,764)	-	(5,764)
Total comprehensive income for the year	**-**	**-**	**(260,409)**	**(229,153)**	**2,129**	**838,185**	**-**	**350,752**	**(19,070)**	**331,682**
Transactions with owners of the company recorded directly in equity										
Reclassification from non controlling interest	-	-	-	-	-	6,910	-	6,910	(6,910)	-
Final 2015 dividend paid	-	-	-	-	-	-	(57,014)	(57,014)	-	(57,014)
Interim 2016 dividend paid	-	-	-	-	-	(57,014)	-	(57,014)	-	(57,014)
Proposed final 2016 dividend	-	-	-	-	-	(285,069)	285,069	-	-	-
Total distribution to owners of the company	**-**	**-**	**-**	**-**	**-**	**(335,173)**	**228,055**	**(107,118)**	**(6,910)**	**(114,028)**
At 30 September 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**

The notes set out on pages 43 to 94 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 as previously stated	228,055	40,594	5,517,443	1,185,294	2,647	1,064,947	285,069	8,324,049
Impact of change in accounting policy (Note 40(b))	-	-	-	(1,127,893)	-	(26,490)	-	(1,154,383)
Restated balance as 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 – As restated	-	-	-	-	-	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)
Interim 2017 dividend paid	-	-	-	-	-	(57,014)	-	(57,014)
Proposed final 2017 dividend	-	-	-	-	-	(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 94 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

2016:	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 2015 – previously reported	228,055	40,594	5,678,118	1,179,161	5,456	629,903	57,014	7,818,301
Impact of change in accounting policy (Note 40(b))	-	-	-	(1,123,782)	-	-	-	(1,123,782)
Restated balance as at 1 October 2015	**228,055**	**40,594**	**5,678,118**	**53,379**	**5,456**	**629,903**	**57,014**	**6,694,519**
Other adjustments	-	-	-	25,332	-	-	-	25,332
Total comprehensive income for the year								
Profit for the year – As restated	-	-	-	-	-	749,180	-	749,180
Other comprehensive income								
Fair value changes on biological assets after tax – As restated	-	-	-	(23,310)	-	23,310	-	-
Remeasurement of post employment benefits, Net of tax (Note 31)	-	-	-	-	(2,809)	-	-	(2,809)
Change in deferred tax rate on revaluation (Note 30)	-	-	(175,972)	-	-	-	-	(175,972)
Revaluation transfer on disposal	-	-	21,853	-	-	(21,853)	-	-
Deferred tax on disposed item	-	-	(6,556)	-	-	-	-	(6,556)
Total comprehensive income for the year	-	-	(160,675)	(23,310)	(2,809)	750,637	-	563,843
Transactions with owners of the company recorded directly in equity								
Final 2015 dividend paid	-	-	-	-	-	-	(57,014)	(57,014)
Interim 2016 dividend paid	-	-	-	-	-	(57,014)	-	(57,014)
Proposed final 2016 dividend	-	-	-	-	-	(285,069)	285,069	-
Total distribution to owners of equity	**-**	**-**	**-**	**-**	**-**	**(342,083)**	**228,055**	**(114,028)**
At 30 September 2016	**228,055**	**40,594**	**5,517,443**	**57,401**	**2,647**	**1,038,457**	**285,069**	**7,169,666**

The notes set out on pages 43 to 94 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 KShs'000	2016 KShs'000
Cash flows from operating activities			
Net cash flows generated from operations	33	73,899	615,584
Gratuity paid	31	(22,082)	(28,737)
Income taxes paid	15(b)	(280,389)	(157,938)
Net cash (used in)/ generated from operating activities		**(228,572)**	**428,909**
Cash flows from investing activities			
Purchase of property and equipment	18	(105,782)	(62,350)
Purchase of intangible assets	19	(866)	(1,740)
Purchases of biological assets	20	(703)	(16,322)
Purchase of capital work-in-progress	18(c)	(131,509)	(73,121)
Proceeds from sale of property and equipment		18,434	482,704
Proceeds on disposal of subsidiary	41	41,171	
Interest income	13	111,947	116,257
Net cash (used in)/ generated from investing activities		**(67,308)**	**445,428**
Cash flows from financing activities			
Interest expense	13	(10,547)	(3,028)
Borrowings received	39	455,329	-
Borrowings repaid	39	(356,674)	-
Dividends paid on ordinary shares		(342,083)	(114,028)
Net cash used in financing activities		**(253,975)**	**(117,056)**
Net (decrease)/ increase in cash and cash equivalents		(549,855)	757,281
Cash and cash equivalents at the beginning of the year		1,954,551	1,200,514
Net unrealised foreign exchange (loss)/gain		2,180	(3,244)
Cash and cash equivalents at the end of the year	27	**1,406,876**	**1,954,551**

The notes set out on pages 43 to 94 form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 KShs'000	2016 KShs'000
Cash flows from operating activities			
Net cash flows generated from operations	33	(118,187)	(18,925)
Gratuity paid	31	(1,109)	(914)
Income taxes paid	15(b)	(93,310)	(56,757)
Net cash generated from operating activities		**(212,606)**	**(76,596)**
Cash flows from investing activities			
Purchase of property and equipment	18	(66,310)	(39,089)
Purchase of intangible assets	19	(553)	(1,740)
Purchases of biological assets	20	(412)	(6,487)
Purchase of capital work-in-progress	18(c)	(14,629)	(57,179)
Proceeds from sale of property and equipment		16,645	482,557
Dividends received	10	200,000	276,750
Proceeds on disposal of subsidiary	41	42,000	-
Investment in subsidiaries		(30,000)	-
Interest income	13	44,667	19,695
Net cash generated from investing activities		**191,408**	**674,507**
Cash flows from financing activities			
Interest expense	13	(10,536)	(2,973)
Borrowings received	39	455,329	-
Borrowings repaid	39	(356,674)	-
Dividends paid on ordinary shares		(342,083)	(114,028)
Net cash used in financing activities		**(253,964)**	**(117,001)**
Net (decrease)/ increase in cash and cash equivalents		(275,162)	480,910
Cash and cash equivalents at the beginning of the year		797,943	317,023
Unrealised foreign exchange gain		1,937	10
Cash and cash equivalents at the end of the year	27	**524,718**	**797,943**

The notes set out on pages 43 to 94 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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, 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.

For Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account 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 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 2017. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

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. 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 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.

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 bank overdrafts, trade and other payables and accruals and loans and balances due to related parties.

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.

(iii) De-recognition

A financial asset is derecognised when the Group 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 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 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (continued)

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.

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.

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

The carrying values of the property, plant and equipment are assessed annually 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 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 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Finance leases, which transfer to the Group 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 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 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, 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 also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute. The Group'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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 Group 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. Further, comparative figures have been restated due to adoption of amendments to accounting standards as disclosed in note 40.

(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 2017, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 October 2016. The nature and effects of the changes are explained below:

New standard or amendments
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Amendments to IAS 41 - Bearer Plants (Amendments to IAS 16 and IAS 41)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- IFRS 14 Regulatory Deferral Accounts
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Annual improvements cycle (2012-2014) – various standards

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be re-measured. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The adoption of these changes did not have a significant impact on the financial statements of the Group and Company since they do not have joint operations.

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41) (continued)

Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41.The new requirements are effective from 1 January 2016.

The adoption of these amendments had a significant impact on the Group's and Company's financial statements that required a restatement of prior year financial statements. The impact has been analysed in Note 40 to these financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The adoption of these changes did not have an impact on the financial statements as the Group and Company do not apply revenue-based methods of depreciation or amortisation.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016.

The adoption of these changes did not have an impact on the financial statements since the Group and Company do not apply the equity method to account for subsidiaries.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorized body.

The standard is effective for financial reporting years beginning on or after 1 January 2016. The adoption of these changes did not have an impact on the financial statements given that the Group and Company are not first time adopters of IFRS.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements.

The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. The adoption of these changes did not have an impact on the financial statements since the Group does not apply the consolidation exemption and does not have interests in other entities, associates or joint ventures.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The effect of these changes have been applied in these financial statements. These did not have a significant impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Annual improvements cycle (2012-2014) – various standards

Standard	Amendments
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	**Changes in methods of disposal** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The adoption of these changes did not have an impact on the financial statements since the Group and Company do not have any assets held for sale or held for distribution.
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	**Servicing contracts** Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The adoption of these changes did not have an impact on the financial statements since the Group and Company do not have servicing contracts for transferred assets. **Applicability of the amendments to IFRS 7 to condensed interim financial statements** Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements. The adoption of these changes did not have an impact on the financial statements since the Group and Company do not produce condensed interim financial statements.
IAS 19 Employee Benefits	**Discount rate: regional market issue** Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The adoption of these changes did not have an impact on the financial statements since the Group and Company do not produce condensed interim financial statements.
IAS 34 Interim Financial Reporting	**Disclosure of information 'elsewhere in the interim financial report'** Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference The adoption of these changes did not have an impact on the financial statements since the Group and Company do not produce an interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

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 2017

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 September 2017, and have not been early adopted by the Group. The directors are in the process of assessing the impact of these standards on the financial statements.

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 Unrealized Losses (Amendments to IAS 12)	1 January 2017
- IFRS 9 Financial Instruments (2014)	1 January 2018
- IFRS 15 Revenue from Contracts with Customers	1 January 2018
- IFRS 16 Leases	1 January 2019
- 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 Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
- IFRIC 23 Income tax exposures	1 January 2019
- IFRS 17 Insurance Contracts	1 January 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28)	To be determined

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity).

Disclosure Initiative (Amendments to IAS 7)

The amendments in Disclosure Initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The International Accounting Standards Board (IASB) requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):

(i) changes from financing cash flows;
(ii) changes arising from obtaining or losing control of subsidiaries or other businesses;
(iii) the effect of changes in foreign exchange rates;
(iv) changes in fair values; and
(v) other changes.

The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Since the amendments are being issued less than one year before the effective date, entities need not provide comparative information when they first apply the amendments. The Group and Company are assessing the potential impact on its financial statements resulting from the application.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The amendments in Recognition of Deferred Tax Assets for Unrealised Losses clarify the following aspects:

— Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
— The carrying amount of an asset does not limit the estimation of probable future taxable profits.
— Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. As transition relief, an entity may recognize the change in the opening equity of the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity. The Board has not added additional transition relief for first-time adopters

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

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 2017 (continued)

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 15 Revenue from Contracts with Customers (Effective 31 December 2018)

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 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

(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.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The following clarifications and amendments are contained in the pronouncement:

— *Accounting for cash-settled share-based payment transactions that include a performance condition*

Up until this point, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

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 2017 (continued)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) (continued)

— *Classification of share-based payment transactions with net settlement features*

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Up until this point, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

- On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.
- Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application is allowed if this is possible without the use of hindsight. If an entity applies the amendments retrospectively, it must do so for all of the amendments described above.

The adoption of these changes will not have a significant impact on the amounts and disclosures of the financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4:

— an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

— an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount reclassified in the reporting period is calculated and the effect of that reclassification on the financial statements.

An entity applies the deferral approach for annual periods beginning on or after 1 January 2018. Predominance is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April 2016. Application of the deferral approach needs to be disclosed together with information that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following 1 January 2018. Predominance is only reassessed if there is a change in the entity's activities.

The adoption of these changes is not expected to have a significant impact on the financial statements as the Group and Company do not issue insurance contracts within the scope of IFRS 4.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

This Interpretation applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it).

This Interpretation stipulates that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

This Interpretation does not apply to income taxes, insurance contracts and circumstances when an entity measures the related asset, expense or income on initial recognition:

(a) at fair value; or

(b) at the fair value of the consideration paid or received at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability arising from advance consideration (for example, the measurement of goodwill applying IFRS 3 Business Combinations).

The amendments apply retrospectively for annual periods beginning on or after 1 January 2018, with early application permitted.

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

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 2017 (continued)

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.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. An entity shall apply IFRS 17 Insurance Contracts to:

(a) insurance contracts, including reinsurance contracts, it issues;
(b) reinsurance contracts it holds; and
(c) investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of:

(a) the fulfilment cash flows - the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and
(b) the contractual service margin - the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the company expects to recognise in the future. IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the company determines that losses are expected. IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates. The entity:

(a) accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; and
(b) chooses where to present the effects of some changes in discount rates—either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the company faces from issuing insurance contracts.

IFRS 17 replaces **IFRS 4** *Insurance Contracts*. IFRS 17 is effective for financial periods commencing on or after 1 January 2021. An entity shall apply the standard retrospectively unless impracticable. A company can choose to apply IFRS 17 before that date, but only if it also applies **IFRS 9** *Financial Instruments* and **IFRS 15** *Revenue from Contracts with Customers.*

The adoption of the standard will not have an impact on the financial statements of the Group and Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

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 2017 (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (continued)

The effective date for these changes has now been postponed until the completion of a broader review.

The adoption of these changes is not expected to have a significant impact on the financial statements of the Group since the Group does not have any associates or joint ventures.

The Group and Company did not early adopt new or amended standards not yet effective in the year ended 30 September2017.

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 reviews its 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.

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 2017 and 2016 together with the interest rates on that date was as follows:

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

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Interest income	111,947	116,257	44,667	19,695
Interest expense	(10,999)	(3,028)	(10,988)	(2,973)
Net interest income	**100,948**	**113,229**	**33,679**	**16,722**

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	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Fixed rate instruments				
Financial assets (Note 27)	1,006,095	1,215,760	344,082	480,916
Financial liabilities (Note 39)	(100,852)	-	(100,852)	-
Exposure	**905,243**	**1,215,760**	**243,230**	**480,916**

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
2017	10.00%	(10,095)	(7,067)	(3,368)	(2,358)
	-10.00%	10,095	7,067	3,368	2,358
2016	10.00%	(11,323)	(7,926)	(1,672)	(1,183)
	-10.00%	11,323	7,926	1,672	1,183

(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 USD and 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 US dollar and Sterling Pound.

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

	Average rates		Closing rates	
	2017 KShs	2016 KShs	2017 KShs	2016 KShs
US Dollar (USD)	103.01	101.7	103.25	101.26
Sterling Pound (GBP)	130.55	144.9	138.61	131.64

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:

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Group:

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**

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

2016:	**USD**	**GBP**	**Total**
Assets			
Trade and other receivables	111,419	-	111,419
Cash and cash equivalents	261,878	898	262,776
At 30 September	**373,297**	**898**	**374,195**
Liabilities			
Trade and other payables	15,902	-	15,902
At 30 September	**15,902**	**-**	**15,902**
Net balance sheet position	**357,395**	**898**	**358,293**

Company:

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

Assets	**2017 USD**	**2016 USD**
Trade and other receivables	323,122	45,258
Cash and cash equivalents	194,841	205,935
At 30 September	**517,963**	**251,193**
Liabilities		
Trade and other payables	9,448	12,942
At 30 September	**9,448**	**12,942**
Net balance sheet position	**508,515**	**238,251**

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					
2017	10.00%	88,215	61,751	50,852	35,596
	10.00%	(88,215)	(61,751)	(50,852)	(35,596)
2016	10.00%	35,740	25,018	23,825	16,678
	10.00%	(35,740)	(25,018)	(23.825)	(16,678)
GBP					
2017	10.00%	1,218	853	-	-
	10.00%	(1,218)	(853)	-	-
2016	10.00%	90	63	-	-
	10.00%	(90)	(63)	-	-
EUR					
2017	10.00%	1,143	800	-	-
	10.00%	(1,143)	(800)	-	-
2016	10.00%	-	-	-	-
	10.00%	-	-	-	-

(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:

	2017 KShs	2016 KShs
Coffee	532	465
Tea	206	194

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

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					
2017	10.00%	160,901	112,631	150,204	105,143
	-10.00%	(160,901)	(112,631)	(150,204)	(105,143)
2016	10.00%	109,574	76,702	101,481	71,037
	-10.00%	(109,574)	(76,702)	(101,481)	(71,037)
Tea					
2017	10.00%	233,357	163,350	-	-
	-10.00%	(233,357)	(163,350)	-	-
2016	10.00%	205,308	143,716	-	-
	-10.00%	(205,308)	(143,716)	-	-

(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	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Available-for-sale financial asset	525	525	-	-
Trade receivables-Net	561,184	143,900	355,822	64,884
Amounts due from related companies	18,005	2,397	141,547	328,450
Bank balances and short term deposits	1,404,368	1,951,097	524,098	797,229
	1,984,082	**2,097,919**	**1,021,467**	**1,190,563**

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 Company'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:

2017:	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Total KShs'000
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**
2016:				
Trade and other payables	261,488	163,039	62,516	487,043
Due to related companies	-	-	531	531
	261,488	**163,039**	**63,047**	**487,574**

Company:

2017:	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Total KShs'000
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**
2016:				
Trade and other payables	**94,689**	**57,171**	**24,595**	**176,455**

(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.

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
2017:				
Financial assets designated at fair value through profit and loss				
Investment in unquoted shares	-	-	525	525
2016:				
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 2017 and 2016:

	Group		Company	
	2017 KShs'000	2016 Restated KShs'000	2017 KShs'000	2015 Restated KShs'000
Non-financial assets				
Property, plant and equipment	8,827,710	8,888,273	5,955,317	5,954,537
Biological assets	1,422,413	1,322,455	246,817	194,017
Total assets	**10,250,123**	**10,210,728**	**6,202,134**	**6,148,554**

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.

NOTES TO THE FINANCIAL STATEMENTS

7. SEGMENT INFORMATION

Segment information is as presented below:

30 September 2017:	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Revenue				
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**

30 September 2016:	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Revenue				
Sales to external customers	2,053,080	1,295,255	222,294	3,570,629
Other income	36,161	153,308	423,078	612,547
	2,089,241	**1,448,563**	**645,372**	**4,183,176**
Results				
Operating results on operating activities	240,215	20,420	513,923	774,558
Operating results on biological assets	(74,889)	(43,108)	-	(117,997)
Operating results before tax	**165,326**	**(22,688)**	**513,923**	**656,561**
Assets and liabilities				
Segment assets	**3,154,465**	**9,917,628**	**34,046**	**13,106,139**
Segment liabilities	**1,277,344**	**420,294**	**46,896**	**1,744,534**
Other segment information				
Capital expenditure - tangible fixed assets	20,179	62,283	53,009	135,471
Depreciation and amortisation of Leasehold land and intangible assets	**68,946**	**38,536**	**23,750**	**131,232**
Average number of employees	**3,312**	**1,195**	**149**	**4,656**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (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.

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

8. REVENUE

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2017 KShs'000
Tea	2,308,093	2,053,080	-	-
Coffee	1,609,011	1,095,742	1,502,044	1,014,807
Livestock	37,594	36,473	1,091	904
Dairy produce	5,719	3,054	1,249	1,137
Retail and coffee lounge	124,703	214,196	115,999	120,470
Coffee mill	47,953	88,296	49,300	89,439
Rent receivable	973	2,828	956	4,673
Marketing commission	39,006	65,083	34,914	65,083
Others	28,143	11,877	-	-
	4,201,195	**3,570,629**	**1,705,553**	**1,296,513**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

9. COST OF SALES

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
General charges	286,311	260,224	103,583	85,417
Estates maintenance	625,696	642,542	104,130	99,661
Production expenses	418,501	406,252	56,862	58,335
Green leaf purchases	569,048	484,417	-	-
Coffee house expenses	8,716	39,807	-	-
Coffee purchases and other charges	1,073,112	591,846	1,073,112	591,846
Livestock expenses	50,108	40,191	2,891	2,856
Retail trading expenses	81,644	88,455	81,641	88,455
Coffee mill expenses	41,175	42,768	37,238	42,768
Transport and insurance	8,325	42,919	-	-
Inventory adjustments	40,556	(47,064)	18,703	8,326
Disposable plates and cutlery	-	4,097	-	-
	3,203,192	**2,596,454**	**1,478,160**	**977,664**

10. OTHER INCOME

Net gain on disposal of property, plant and equipment	(763)	422,728	(562)	422,728
Management fees	-	-	73,846	65,442
Dividend received	-	-	200,000	276,750
Other income	99,294	189,819	88,483	152,945
	98,531	**612,547**	**361,767**	**917,865**

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	Group		Company	
(a) Administration and Establishment expenses	2017 KShs'000	2016 Restated KShs'000	2017 KShs'000	2016 Restated KShs'000
Staff costs (Note 11(b))	232,890	247,828	111,082	125,031
Insurance and medical costs	33,357	35,398	1,630	3,914
Depreciation of property, plant and equipment	135,710	128,193	48,323	37,151
Amortisation of intangible assets	3,270	2,858	2,434	2,054
Amortisation of leasehold land	253	181	103	102
Auditors' remuneration	12,047	9,902	5,979	5,010
Directors' emoluments	34,037	19,855	34,037	19,855
Legal and professional fees	19,472	23,137	6,515	11,796
Secretarial costs	3,571	3,361	931	-
Travelling and accommodation	6,328	4,239	3,811	3,677
Coffee house overheads	13,935	26,707	-	-
Office expenses	153,447	152,768	64,268	50,850
Administration costs	107,346	115,733	102,470	115,632
Bank charges	3,215	3,795	2,265	1,757
Other expenses	194	2,725	1,159	250
	759,072	**776,680**	**385,007**	**377,079**

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES (Continued)

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
(b) Staff costs				
Salaries and wages	210,526	228,967	97,660	114,186
Staff leave accruals	479	555	1,193	743
Pension costs	21,885	18,306	12,229	10,102
	232,890	**247,828**	**111,082**	**125,031**

12. SELLING AND DISTRIBUTION EXPENSES

Warehousing and storage charges	**46,027**	**35,484**	**7,695**	-

13. NET FINANCE INCOME

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
(a) Finance income				
Interest income	111,947	116,257	44,667	19,695
Realised foreign exchange gain	29,457	602	27,321	602
Unrealised foreign exchange gain	460	10	192	10
	141,864	**116,869**	**72,180**	**20,307**
(b) Finance cost				
Interest expense	(10,999)	(3,028)	(10,988)	(2,973)
Realised foreign exchange loss	-	(7,330)	-	(2,877)
Unrealised foreign exchange loss	(25)	(3,254)	-	-
	(11,024)	**(13,612)**	**(10,988)**	**(5,850)**
Net finance income	**130,840**	**103,257**	**61,192**	**14,457**

14. PROFIT BEFORE TAXATION

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
The profit before taxation is arrived at after charging/(crediting):				
Depreciation	135,710	128,193	48,323	37,151
Amortisation of intangible assets	3,270	2,858	2,434	2,054
Amortisation of leasehold land	253	181	103	102
Directors' emoluments:				
- Fees	3,546	3,514	3,546	3,514
- Other remuneration	30,492	16,341	30,492	16,341
Pension costs	26,809	27,216	25,817	25,085
Auditors' remuneration	12,047	9,902	5,979	5,010
Interest expense	10,999	3,028	10,988	2,974
Unrealised exchange losses	25	3,254	-	-
Realised foreign exchange losses	-	7,330	-	2,877
Interest income	(111,947)	(116,257)	(44,667)	(19,695)
Unrealised foreign exchange gain	(460)	(10)	(192)	(10)
Realised foreign exchange gain	(29,457)	(602)	(27,321)	(602)
Net gain/(loss) on disposal of assets	763	(422,728)	562	(422,728

NOTES TO THE FINANCIAL STATEMENTS

15. TAX EXPENSE/ (CREDIT)

	Group		Company	
(a) Statement of comprehensive income	**2017 KShs'000**	**2016 Restated KShs'000**	**2017 KShs'000**	**2016 Restated KShs'000**
Current tax expense				
Income tax on the taxable				
Profit for the year at 30%	211,229	221,035	42,853	117,065
Prior year (over)/ underprovision	5,978	(15,242)	-	(15,242)
Total current tax	217,207	205,793	42,853	101,823
Deferred tax credit				
Deferred tax charge/ (credit) arising from operating activities	(62,478)	14,008	(11,450)	(10,856)
Deferred tax charge/ (credit) on biological assets fair value	24,524	(35,399)	15,716	(9,990)
Prior year (over)/ under provision	2,261	(1,569)	(37)	10,635
Total deferred tax charge/ (credit)	(35,693)	(22,960)	4,229	(10,211)
Taxation expense/ (credit) for the year	**181,514**	**182,833**	**47,082**	**91,612**

Reconciliation of tax expense/ (credit):

Accounting profit before taxation	520,921	759,818	282,139	840,789
Tax applicable rate at 30%	156,276	227,945	84,642	252,237
Tax effects of items not allowed for tax or tax exempt	16,999	15,602	(37,523)	(54,000)
Effect of income taxed at 5% (25% variance)	-	(102,018)	-	(102,018)
Prior year underprovision Impairment of deferred tax asset (Note 30)	-	58,115	-	-
Prior year under provision:				
- Deferred tax	2,261	(1,569)	-	10,635
- Current tax	5,978	(15,242)	(37)	(15,242)
	181,514	**182,833**	**47,082**	**91,612**

	Group		Company	
(b) Statement of financial position	**2017**	**2016**	**2017**	**2016**
	KShs'000	**KShs'000**	**KShs'000**	**KShs'000**
Balance brought forward	48,463	3,421	20,064	1,403
Charge for the year	217,207	202,980	42,853	75,418
On loss of control (Note 41)	803	-	-	-
Paid during the year	(280,389)	(157,938)	(93,310)	(56,757)
Balance carried forward	**(13,916)**	**48,463**	**(30,393)**	**20,064**
Presented as:				
Tax recoverable	(27,817)	(7,307)	(30,393)	-
Tax payable	13,901	55,770	-	20,064
	(13,916)	**48,463**	**(30,393)**	**20,064**

15. TAX (CREDIT)/EXPENSE (Continued)

(c) Dividend tax account

The Group and the Company have credit balances on the dividend tax accounts of KShs 1,078,514,207 (2016 - KShs 927,725,249) and KShs 478,537,673 (2016 - KShs 767,934,140), respectively, which include tax payments to 30 September 2017.

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 (2016 - 228,055,500) ordinary shares outstanding during the year. Basic and diluted earnings per share are the same.

	Group		Company	
	2017 KShs	2016 Restated KShs	2017 KShs	2016 Restated KShs
Earnings per share on normal operations	1.27	2.94	0.87	3.39
Earnings per share on biological assets	0.25	(0.36)	0.16	(0.10)
Net earnings per share (KShs)	**1.52**	**2.58**	**1.03**	**3.29**

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. 0.25 (25%) (2016 – 0.25 (25%) was declared and paid on 4 July 2017. The directors recommended the payment of second interim dividend of KShs 0.75 per share (75%) (2016 – KShs 1.25 (125%)). This amounts to total dividend of KShs 1.00 per share (100%) for the year (2016 - KShs 1.50 (150%)). 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	
	2017 KShs	2016 KShs	2017 KShs	2016 KShs
Dividends per share (KShs)	**1.00**	**1.50**	**1.00**	**1.50**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT

(a) Group

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 as previously stated	6,766,345	-	1,023,813	763,613	243,264	151,565	8,948,600
Impact of accounting policy Change – Note 40(b)	-	744,300	-	-	-	-	744,300
At 1 October 2016 as restated	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 previously stated	-	-	94,111	38,228	20,756	99,670	252,765
Impact of accounting policy Change – Note 40(b)	-	551,862	-	-	-	-	551,862
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)
As at 30 September 2017	-	561,116	145,313	74,160	44,164	21,311	846,064
Carrying amount As at September 2017	**6,766,345**	**183,184**	**923,592**	**698,069**	**215,559**	**40,961**	**8,827,710**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (continued)

2016 Restated

	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 2015 as previously stated	6,766,345	-	1,033,983	754,831	212,513	137,831	8,905,503
Impact of accounting policy Change – Note 40(b)	-	744,300	-	-	-	-	744,300
At 1 October 2016 as restated	6,766,345	744,300	1,033,983	754,831	212,513	137,831	9,649,803
Additions	-	-	12,148	3,840	32,209	14,153	62,350
Transfer from WIP – Note 18(c)	-	-	37,862	9,893	-	-	47,755
Write off	-	-		(4,951)	2	11	(4,938)
Disposal	-	-	(60,180)	-	(1,460)	(430)	(62,070)
At 30 September 2016	6,766,345	744,300	1,023,813	763,613	243,264	151,565	9,692,900
Depreciation							
At 1 October 2016 as previously stated	-	-	46,252	3,871	3,445	81,221	134,789
Impact of accounting policy Change – Note 40(b)	-	542,485	-	-	-	-	542,485
At 1 October 2015 as restated	-	542,485	46,252	3,871	3,445	81,221	677,274
Depreciation	-	9,377	48,325	34,357	17,402	18,732	128,193
Write offs	-	-	1,708	-			1,708
Disposal	-	-	(2,174)	-	(91)	(283)	(2,548)
As at 30 September 2016	-	551,862	94,111	38,228	20,756	99,670	804,627
Carrying amount As at 30 September 2016	**6,766,345**	**192,438**	**929,702**	**725,385**	**222,508**	**51,895**	**8,888,273**

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 2017 and 2016. There was no property given as security as at 30 September 2017 and 2016.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company

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 as previously stated	5,237,345	-	347,142	253,515	123,310	29,794	5,991,106
Impact of accounting policy Change – Note 40(b)	-	138,196					138,196
At 1 October 2016 as restated	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 as previously stated	-	-	25,809	11,773	8,324	5,553	51,459
Impact of accounting policy Change – Note 40(b)	-	123,305	-	-	-	-	123,305
At 1 October 2015 as restated	-	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**

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

2016 Restated

	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 as previously stated	5,237,345	-	404,605	257,140	95,260	24,258	6,018,608
Impact of accounting policy Change – Note 40(b)	-	138,196	-	-	-	-	138,196
At 1 October 2015 as restated	5,237,345	138,196	404,605	257,140	95,260	24,258	6,156,804
Write offs	-	-	-	(4,951)	-	-	(4,951)
Additions	-	-	2,717	1,326	29,510	5,536	39,089
Disposal	-	-	(60,180)	-	(1460)	-	(61,640)
At 30 September 2016	5,237,345	138,196	347,142	253,515	123,310	29,794	6,129,302
Depreciation							
At 1 October 2016 as previously stated	-	-	13,349	649	253	1,143	15,394
Impact of accounting policy Change – Note 40(b)	-	122,724	-	-	-	-	122,724
At 1 October 2015 as restated	-	122,724	13,349	649	253	1,143	138,118
Write offs	-	-	1,708	53	-	-	1,761
Depreciation	-	582	12,926	11,071	8,162	4,410	37,151
Disposal	-	-	(2,174)	-	(91)	-	(2,265)
As at 30 September 2016	-	123,306	25,809	11,773	8,324	5,553	(174,765)
Carrying amount As at 30 September 2016	**5,237,345**	**14,890**	**321,333**	**241,742**	**114,986**	**24,241**	**5,954,537**

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 2017 and 2016. In addition, there was no property given as security as at 30 September 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Capital work-in-progress

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	58,724	33,358	57,179	-
Additions	131,509	73,121	14,629	57,179
Transfer to property, plant and Equipment – Note 18	(1,545)	(47,755)	-	-
	188,688	**58,724**	**71,808**	**57,179**

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	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Cost				
At 1 October	73,613	71,873	28,393	26,653
Opening balance adjustment	69	-	-	-
Additions	866	1,740	553	1,740
Disposals	(2,794)	-	-	-
At 30 September	71,754	73,613	28,946	28,393
Amortisation				
At 1 October	66,338	63,480	22,852	20,798
Opening balance adjustment	69	-	-	-
Charge for the year	3,270	2,858	2,434	2,054
Disposal	(2,794)	-	-	-
At 30 September	66,883	66,338	25,286	22,852
Carrying value at 30 September	**4,871**	**7,275**	**3,660**	**5,541**

Intangible assets relate to software costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

20. BIOLOGICAL ASSETS

(a) Group

	Current			Non-current			
2017:	**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 2016 as prevelsously stated	**2,296,618**	**1,833,563**	**4,130,181**	**1,083,877**	**13,159**	**1,097,036**	**5,227,217**
Impact of change in accounting policy – note 40 (b)	(2,081,234)	(1,823,528)	(3,904,762)	-	-	-	(3,904,762)
Carrying value at 1 October 2016 as restated	**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 as restated	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**

20. BIOLOGICAL ASSETS (Continued)

(a) Group (continued)

	Current			Non-current			
2016:	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 2015 as previsously stated	**2,281,237**	**1,615,499**	**3,896,736**	**1,167,719**	**12,874**	**1,180,593**	**5,077,329**
Impact of change in accounting policy – note 40 (b)	(2,043,401)	(1,607,776)	(3,651,177)	-	-	-	(3,651,177)
Carrying value as at 1 October 2015 as restated	**237,836**	**7,723**	**245,559**	**1,167,719**	**12,874**	**1,180,593**	**1,426,152**
Gains due to biological transformation at fair value	(22,452)	2,312	(20,140)	(18,309)	285	(18,024)	(38,163)
Decreases due to harvest at fair value	-	-	-	(71,073)	(8,761)	(79,834)	(79,834)
	(22,452)	2,312	(20,140)	(89,382)	(8,476)	(97,858)	(117,997)
Immature bushes/trees at cost	-	-	-	5,540	8,760	14,300	14,300
Carrying value as at 30 September 2016	**215,384**	**10,035**	**225,419**	**1,083,877**	**13,159**	**1,097,036**	**1,322,455**
The reconciliation of fair value changes is analysed below:							
Carrying value as at 1 October 2015 as restated	237,836	7,723	245,559	1,167,719	12,874	1,180,593	1,426,152
Changes due to price estimate	-	-	-	4,368	1,218	5,586	5,586
Changes due to yield estimate	(22,452)	2,312	(20,140)	(93,750)	(933)	(94,683)	(114,823)
Changes due to immature bushes/ animals	-	-	-	5,540	-	5,540	5,540
Carrying value as at 30 September 2016	**215,384**	**10,035**	**225,419**	**1,083,877**	**13,159**	**1,097,036**	**1,322,455**

The Group is involved in the growing, processing and selling of coffee and tea and breeding of dairy cattle. At 30 September 2017, the Group had 82 (2016 - 107) cows able to produce milk, 115 (2016 - 114) calves that are raised to produce milk in the future, 11 (2016 - 7) bull calves and 837 (2016 - 973) sheep. The Group produced 524,405 (2016 - 533,319) litres of milk with a fair value less cost to sell of KShs 24,016,980 (2016 - KShs 33,929,767) in the year.

The Group has 778 hectares of mature coffee bushes. The Group harvested 850,530 (2016 - 943,717) Kgs of coffee with a fair value less cost to sell of KShs 437.7 million (2016 - KShs 339.85 million).

The Group has 1,434 (2016 - 1,434) hectares of mature tea bushes and 29 (2016 - 29) hectares of immature tea bushes. The Group harvested 23,018,565 (2016 - 26,441,375) Kgs of green tea leaves with a fair value less cost to sell of KShs 156,805,761 (2016 - KShs 221,746,942).

20. BIOLOGICAL ASSETS (Continued)

(b) Company

	Current		Non-current			
2017:	**Coffee 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 2016 as previsously stated	**1,836,171**	**1,836,171**	**19,337**	**2,517**	**21,854**	**1,858,025**
Impact of change in accounting policy – note 40 (b)	(1,664,008)	(1,664,008)	-	-	-	(1,664,008)
Carrying value at 1 October 2016 as restated	**172,163**	**172,163**	**19,337**	**2,517**	**21,854**	**194,017**
Gains 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**
The reconciliation of fair value changes is analysed below:						
Carrying value at 1 October 2016 as restated	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**
2016:						
Carrying value at 1 October 2015 aS previously stated	1,817,178	1,817,178	23,193	2,406	25,599	1,842,777
Impact of change in accounting policy – note 40 (b)	(1,620,875)	(1,620,875)	-	-	-	(1,620,875)
Carrying value as at 1 October 2015 as restated	**196,303**	**196,303**	**23,193**	**2,406**	**25,599**	**221,902**
Gains/(losses) due to biological transformation at fair value	(24,140)	(24,140)	(6,966)	111	(6,855)	(30,995)
Decreases due to harvest at fair value	-	-	(2,305)	-	(2,305)	(2,305)
	(24,140)	(24,140)	(9,271)	111	(9,160)	(33,300)
Immature bushes/trees at cost	-	-	5,415	-	5,415	5,415
Carrying value as at 30 September 2017	**172,163**	**172,163**	**19,337**	**2,517**	**21,854**	**194,017**
30 September 2016:						
The reconciliation of fair value changes is analysed below:						
Carrying value as at 1 October 2015 as restated	**196,303**	**196,303**	**23,193**	**2,406**	**25,599**	**221,902**
Changes due to price estimate	-	-	4,260	1,218	5,478	5,478
Changes due to yield estimate	(24,140)	(24,140)	(13,531)	(1,107)	(14,638)	(38,778)
Changes due to immature trees/bushes	-	-	5,415	-	5,415	5,415
Carrying value as at 30 September 2016	**172,163**	**172,163**	**19,337**	**2,517**	**21,854**	**194,017**

20. BIOLOGICAL ASSETS (Continued)

(b) Company (continued)

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.

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 2017. Green leaf volumes were determined by assuming a 7 -day plucking cycle for harvested leaf using October 2017 data. This was then valued using the 2017 similar competitors' out-grower average price.	• Estimated green leaf price per kilogram of KShs 26.80 (2016: KShs 24); • 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 l onger/(shorter)
Coffee produce (Level III)	The valuation model considers the fair value of the un-harvested coffee berries as at 30 September 2017. Coffee berry volumes were determined by assuming an October 2017 – January 2018 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 344.33 (2016: KShs 424.1); • 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 (2016: KShs 1,000 to KShs 4,000); and • Risk-adjusted annual discount rate of 8.3% to 13.75% (2016 - 14.26% to 20.69%).	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 2017 (CONTINUED)

21. PREPAID LEASES ON LEASEHOLD LAND

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 October 2016	20,285	21,404	8,000	9,210
Transfer	-	91	-	-
Disposal	-	(1,210)	-	(1,210)
At 30 September	20,285	20,285	8,000	8,000
Amortisation				
At 1 October 2016	2,447	2,931	923	1,577
Transfer	-	91	-	-
Amortisation during the year	253	181	103	102
Disposal	-	(756)	-	(756)
At 30 September	2,700	2,447	1,026	923
Carrying value at 30 September	**17,585**	**17,838**	**6,974**	**7,077**

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 3.40 billion (2016: KShs 3.40 billion). The revaluation has not been adopted in the financial statements.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	2017	2016
	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	
	2017	2016
	KShs'000	KShs'000
As at 1 October 2016	172,697	172,697
Investment in new subsidiaries in the year	30,000	-
Loss of control of subsidiary (note 41 (a))	(56,900)	-
Carrying value at 30 September	**145,797**	**172,697**

23. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

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

Name of subsidiary	2017 Percentage of equity held	2017 Cost KShs'000	2016 Percentage of equity held	2016 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
Savannah Coffee House Limited (formerly Sasini Coffee House Limited)	-	-	60	56,900
Sasini Avocado Limited	100	10,000	-	-
Sasini Nuts EPZ Kenya Limited	100	10,000	-	-
Sasini EPZ Park Limited	100	10,000	-	-
		145,797		**172,697**

Consolidated financial statements have been prepared incorporating the financial statements of the Company and its subsidiaries made up to 30 September 2016 and 2015.

24. INVENTORIES

	Group 2017 KShs'000	Group 2016 KShs'000	Company 2017 KShs'000	Company 2016 KShs'000
Made tea	148,639	154,278	380	-
Tea and tree nurseries	5,428	7,785	-	-
Coffee	31,316	52,385	27,518	46,182
Estate stores	101,924	148,160	41,390	48,541
Work in progress	4,138	4,500	4,138	-
Food and beverages	75	4,722	-	-
	291,520	371,830	73,426	94,723
Inventories write-offs	(7,306)	(7,306)	-	-
	284,214	**364,524**	**73,426**	**94,723**

The amount of inventories recognised as an expense is KShs 465,279,929 – Group and KShs 127,652,232 – Company (2016 – KShs 473,900,406 – Group and KShs 127,651,999 – Company) which was recognised in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Trade receivables	581,088	163,804	369,259	78,321
Allowances for impairment	(19,904)	(19,904)	(13,437)	(13,437)
Net trade receivables	561,184	143,900	355,822	64,884
Other receivables and prepaid expenses	436,040	312,178	186,095	75,979
	997,224	**456,078**	**541,917**	**140,863**
Allowances for impairment:				
At beginning of the year	19,904	6,467	13,437	-
Written off	-	-	-	-
Charge for the year	-	13,437	-	13,437
At the end of the year	**19,904**	**19,904**	**13,437**	**13,437**
Age analysis of trade receivables:				
Less than 30 days	428,950	99,242	275,584	27,785
31 to 90 days	101,420	35,835	49,055	32,353
Over 90 days (past due but not impaired)	30,814	8,823	31,183	4,746
Over 90 days (past due and impaired)	19,904	19,904	13,437	13,437
	581,088	**163,804**	**369,259**	**78,321**

26. RELATED COMPANIES BALANCES

Amount due from related companies:				
Mweiga Estates Limited	-	-	106,708	27,674
Wahenya Limited	-	-	-	12,230
Aristocrats Tea & Coffee Exporters Limited	-	-	5,669	4,849
Sasini Coffee House Limited	-	-	-	12,015
Sameer Agriculture and livestock limited	1,000	1,000	-	-
Kipkebe Limited	-	-	22,919	271,590
Sameer investments Limited	17,005	1,397	6,251	92
	18,005	**2,397**	**141,547**	**328,450**
Amount due to related companies:				
Sameer investments Limited	10	11	-	-
Sameer Agriculture and livestock limited	80	520	-	-
	90	**531**	**-**	**-**

27. CASH AND CASH EQUIVALENTS

Cash on hand	2,508	3,454	620	714
Bank balances	398,273	735,337	180,016	316,313
Short term deposit	1,006,095	1,215,760	344,082	480,916
	1,406,876	**1,954,551**	**524,718**	**797,943**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

28. SHARE CAPITAL

	Group		Company	
	2017 Kshs'000	2016 Kshs'000	2017 Kshs'000	2016 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 meetings of the company.

29. RESERVES

	Group		Company	
	2017 KShs'000	2016 Restated KShs'000	2017 KShs'000	2016 Restated KShs'000
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	26,128	52,649	4,340	2,647
Biological assets fair value reserve	159,711	102,489	94,073	57,401
	7,911,934	**7,881,233**	**5,656,450**	**5,618,085**
Distributable reserves:				
Retained earnings	2,698,759	2,646,448	1,008,786	1,038,457
Proposed dividends	171,042	285,069	171,042	285,069
	2,869,801	**2,931,517**	**1,179,828**	**1,323,526**
Non-controlling interest	**306,087**	**320,800**	-	-

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 reser 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 under/(over)		Current year movement			
Group 2017:	**Balance at 1 October as previously stated**	**Impact of change in accounting policy**	**Balance a 1 October as restated**	**through P&L**	**through OCI**	**through P&L**	**Loss of control**	**through OCI**	**Balance at 30 September Restated**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Property, plant and equipment	692,794	55,095	747,889	-	-	(18,826)	8,021	-	737,084
Other temporary differences	(160,179)	-	(160,179)	2,595	-	(39,996)	583	(11,280)	(208,277)
Biological assets	1,565,214	(1,168,792)	396,422	277	-	24,524	-	-	421,223
Tax losses	(68,601)	-	(68,601)	(611)	-	(3,656)	17,588	-	(55,280)
	2,029,228	**(1,113,697)**	**915,531**	**2,261**	**-**	**(37,954)**	**26,192**	**(11,280)**	**894,750**

				Prior year under/(over)		Current year movement		
2016:	**Balance at 1 October as previously stated**	**Impact of change in accounting policy**	**Balance a 1 October as restated**	**through P&L**	**through OCI**	**through P&L**	**through OCI**	**Balance at 30 September Restated**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Property, plant and equipment	462,702	55,095	517,797	-	241,484	(17,948)	6,556	747,889
Other temporary differences	(152,447)	-	(152,447)	9,011	-	(17,577)	834	(160,179)
Biological assets	1,523,199	(1,089,904)	433,295	(1,474)	-	(35,399)	-	396,422
Tax losses	(109,028)	-	(109,028)	(9,106)	-	*49,533	-	(68,601)
	1,724,426	**(1,034,809)**	**689,617**	**(1,569)**	**241,484**	**(21,391)**	**7,390**	**915,531**

* The movement through profit or loss includes derecognised deferred tax asset of KShs 58,115,060 relating to tax losses in a subsidiary, Wahenya Limited.

Unrecognised deferred tax asset:

Deferred tax assets of KShs 58,115,060 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 2016.

30. DEFERRED TAX ASSET/LIABILITY (Continued)

Presented in the statement of financial position as below:

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Entities with net deferred tax asset	(97)	(26,192)	-	-
Entities with net deferred tax liability	894,847	941,723	366,227	361,273
	894,750	**915,531**	**366,227**	**361,273**

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 '000	Year of expiry
2011	111,364,119	2020
2012	39,059,447	2021
2013	17,811,951	2022
2014	12,869,181	2023
2015	12,612,170	2024
Total	**193,716,868**	

(b) Recognised

Year of origin	Amounts KShs '000	Year of expiry
2012	50,721,416	2021
2013	76,100,233	2022
2014	21,297,246	2023
2015	5,215,012	2024
2016	18,743,981	2025
2017	12,187,820	2026
Total	**184,265,708**	

				Prior year under/(over)		Current year movement		
Company 2017:	Balance at 1 October as previously stated	Impact of change in accounting policy	Balance a 1 October as restated	through P&L	through OCI	through P&L	through OCI	Balance at 30 September Restated
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	322,803	4,467	327,270	-	-	(7,053)	-	320,217
Other temporary differences	(24,201)	-	(24,201)	-	-	(4,397)	725	(27,873)
Biological assets	557,407	(499,203)	58,204	(37)	-	15,716	-	73,883
	856,009	**(494,736)**	**361,273**	**(37)**	**-**	**4,266**	**725**	**366,227**

				Prior year under/(over)		Current year movement		
2016:	Balance at 1 October as previously stated	Impact of change in accounting policy	Balance a 1 October as restated	through P&L	through OCI	through P&L	through OCI	Balance at 30 September Restated
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Property, plant and equipment	147,715	4,642	152,357	-	175,972	(7,615)	6,556	327,270
Other temporary differences	(28,767)	-	(28,767)	9,011	-	(3,241)	(1,204)	(24,201)
Biological assets	552,833	(486,263)	66,570	1,624	-	(9,990)	-	58,204
	671,781	**(481,621)**	**190,160**	**10,635**	**175,972**	**(20,846)**	**5,352**	**361,273**

31. POST EMPLOYMENT BENEFITS

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	259,467	245,410	25,568	18,321
Paid during the year	(22,082)	(28,737)	(1,109)	(914)
Charge for the year	47,978	45,573	5,215	4,148
Remeasurements	37,599	(2,779)	(2,418)	4,013
Balance carried forward	**322,962**	**259,467**	**27,256**	**25,568**
Non-current portion	281,360	232,488	22,327	21,847
Current portion	41,602	26,979	4,929	3,721
	322,962	**259,467**	**27,256**	**25,568**
Charged to profit or loss				
Current service costs	13,547	11,143	1,712	1,444
Interest costs	34,431	34,430	3,503	2,704
	47,978	**45,573**	**5,215**	**4,148**
Charged to other comprehensive income (OCI)				
Actuarial (gain)/ loss on obligation	37,599	(2,779)	(2,418)	4,013
Related tax	(11,280)	834	725	(1,204)
Net amount to OCI	**26,319**	**(1,945)**	**(1,693)**	**2,809**

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 2016 and 2017.

The principle assumptions used were as follows:

	2017	2016
Discount rate	12.39%	13.48%
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 2017 (KShs '000)	303,402	344,690	25,314	29,488
Liability at 30 September 2016 (KShs '000)	243,371	277,408	23,591	27,843

	Group		Company	
A 1% increase in salaries:	Increase	Decrease	Increase	Decrease
Liability at 30 September 2017 (KShs '000)	344,753	303,034	29,520	25,260
Liability at 30 September 2016 (KShs '000)	277,563	242,988	27,856	23,552

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FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Trade payables	33,901	110,333	65,875	84,820
Other payables	513,595	376,710	117,833	91,636
	547,496	**487,043**	**183,708**	**176,456**

33. CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Profit before tax	520,921	759,818	282,139	840,792
Adjustments for:				
Depreciation and amortisation	139,233	131,232	50,860	39,307
Net unrealised foreign exchange (gain)/loss	(435)	3,244	(192)	(10)
Interest income	(111,947)	(116,257)	(44,667)	(19,695)
Interest cost	10,999	3,028	10,988	2,973
Gratuity provision	47,978	45,573	5,215	4,148
Loss/(gain) on disposal of land, property and equipment	763	(422,728)	562	(422,728)
(Gain)/loss on disposal of subsidiary (Note 41(a))	(16,900)	-	27,899	-
Dividend income	-	-	(200,000)	(276,750)
Property, plant and equipment written back/(off)	-	6,646	-	6,712
Biological adjustments	(17,509)	-	-	-
Fair value changes on biological asset	(81,746)	117,997	(52,388)	33,300
Operating profit before working capital changes	**491,357**	**528,553**	**80,416**	**208,049**
Working capital changes:				
Inventories	80,310	(23,162)	21,297	1,872
Trade and other receivables	(543,645)	54,028	(401,054)	65,081
Related party balances	(16,049)	(1,739)	177,824	(346,520)
Trade and other payables	61,926	57,904	3,330	52,593
Cash flows generated from/(used in) operating activities	**73,899**	**615,584**	**(118,187)**	**(18,925)**

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	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Ryce East Africa Limited	17,767	4,954	1,943	4,606
Yansam East Africa Limited	393	98	-	-
Sameer Investments Limited	1,482	1	123	1
Sameer Management Limited	3,496	3,614	49	112
Sameer Agriculture Limited	912	7,345	43	-
Sameer Business Park Limited	1,267	4,195	-	-
Yana Tyre Centre	1,123	1,327	1,106	1,039
	26,440	**21,534**	**3,264**	**5,758**

The Company also shares common directors with one of its bankers, who provided a range of banking services to the Company during the year under review. All the transactions entered into with the bank were in normal course of business and at arm's length.

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

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Short term employee benefits	53,205	52,161	32,467	33,434
Post-employment benefits	5,126	4,907	3,337	3,263
	58,331	**57,068**	**35,804**	**36,697**

(c) Director's emoluments

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Fees	3,546	3,514	3,546	3,514
Other remuneration	30,492	16,341	30,492	16,341
	34,038	**19,855**	**34,038**	**19,855**

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

35. CAPITAL COMMITMENTS

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Authorised and contracted for	**107,166**	**56,622**	**44,350**	**52,285**

36. CONTINGENT LIABILITIES

There are certain pending legal claims brought against the Group and Company at 30 September 2017 and 2016. 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.

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FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

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	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Less than one year	15,159	17,566	15,159	12,846
One year to five years	71,087	71,902	71,087	66,991
Over five years	-	21,678	-	21,678
	86,246	**111,146**	**86,246**	**101,515**

During the year KShs 10,053,240 (2016: KShs 8,194,493) 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 2017.

39. BORROWINGS

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

	Group		Company	
	2017 KShs'000	2016 KShs'000	2017 KShs'000	2016 KShs'000
Balance as at 1 October 2016	-	-	-	-
Amounts borrowed during the year	455,329	-	455,329	-
Repayment of loan in the year	(356,674)	-	(356,674)	-
Exchange loss	1,745	-	1,745	-
Accrued interest	452	-	452	-
	100,852	**-**	**100,852**	**-**

During the year, Sasini PLC (formerly Sasini Limited) obtained an unsecured short term loan from Barclays Bank Kenya Limited of USD 4.4 million. The interest rate charged on the loan is 6% per annum above 3 months LIBOR on maturity of the facility.

40. RESTATEMENT OF PRIOR YEAR BALANCES

During the year, the Group adopted the amendments to IAS 41, *Agriculture* which is effective for annual periods beginning on or after 1 January 2016. In the amendments, bearer plants are now in the scope of IAS 16, *Property, Plant and Equipment* for measurement and disclosure purposes and an entity can elect to measure bearer plants at cost or revaluation in line with the standard. The produce growing on bearer plants will however continue to be measured at fair value less cost to sell under IAS 41, *Agriculture*.

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.

The Group's tea and coffee bushes meet the above definition and are now classified as bearer plants in the Group's property, plant and equipment Note 18. The nature and effect of the adoption of the amendments is explained below:

40. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(a) Statement of profit or loss and other comprehensive income

Group			
	Impact of the adoption of amendments		
30 September 2016	As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Administration and estatblishment expenses	(767,303)	(9,377)	(776,680)
Fair value changes on biological assets	133,566	(251,563)	(117,997)
Income tax	(258,908)	76,075	(182,833)
Others	(1,654,495)	-	(1,654,495)
Loss for the year	761,850	(184,865)	576,985
Other comprehensive income	(239,539)	-	(239,539)
Total comprehensive income	**522,311**	**(184,865)**	**337,446**

Company			
	Impact of the adoption of amendments		
30 September 2016	As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Administration and estatblishment expenses	(376,497)	(582)	(377,079)
Fair value changes on biological assets	8,761	(42,061)	(33,300)
Income tax	(78,322)	(13,290)	(91,612)
Others	1,251,171	-	1,251,171
Loss for the year	805,113	(55,933)	749,180
Other comprehensive income	(178,781)	-	(178,781)
Total comprehensive income	**626,332**	**(55,933)**	**570,399**

NOTES TO THE FINANCIAL STATEMENTS

40. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(b) Group statement of financial position

	Impact of the adoption of amendments		
2016	As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Non-current assets			
Property, plant and equipment	8,695,835	192,438	8,888,273
Biological assets	5,227,217	(4,130,181)	1,097,036
Other non-current assets	110,554	-	110,554
Total non-current assets	**14,033,606**	**(3,937,743)**	**10,095,863**
Net current assets			
Biological assets	-	225,419	225,419
Other current assets	2,784,857	-	2,784,857
Current liabilities	(570,323)	-	(570,323)
Total net current assets	**2,214,534**	**225,419**	**2,439,953**
Total assets	**16,248,140**	**(3,712,324)**	**12,535,816**
Equity			
Share capital and share premium	228,055	-	228,055
Non-distributable reserves	10,463,165	(2,581,932)	7,881,233
Distributable reserves	2,904,889	26,628	2,931,517
Non-controlling interest	364,123	(43,323)	320,800
Total equity	**13,960,232**	**(2,598,627)**	**11,361,605**
Non-current liabilities			
Deferred tax liability	2,055,420	(1,113,697)	941,723
Post employment benefits	232,488	-	232,488
Total non-current liabilities	**2,287,908**	**(1,113,697)**	**1,174,211**
Total equity and liabilities	**16,248,140**	**(3,712,324)**	**12,535,816**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

40. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(b) Group statement of financial position (continued)

	Impact of the adoption of amendments		
2015	As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Non-current assets			
Property, plant and equipment	8,770,714	201,815	8,972,529
Biological assets	5,077,329	(3,896,737)	1,180,592
Other non-current assets	137,819	-	137,819
Total non-current assets	**13,985,862**	**(3,694,922)**	**10,290,940**
Net current assets			
Biological assets	-	245,559	245,559
Other current assets	2,058,665	-	2,058,665
Current liabilities	(467,712)	-	(467,712)
Total net current assets	**1,590,953**	**245,559**	**1,836,512**
Total assets	**15,576,815**	**(3,449,363)**	**12,127,452**
Equity			
Share capital and share premium	228,055	-	228,055
Non-distributable reserves	10,739,105	(2,370,439)	8,368,666
Distributable reserves	2,201,242	(792)	2,200,450
Non-controlling interest	390,103	(43,323)	346,780
Total equity	**13,558,505**	**(2,414,554)**	**11,143,951**
Non-current liabilities			
Deferred tax liability	1,801,496	(1,034,809)	766,687
Post employment benefits	216,814	-	216,814
Total non-current liabilities	**2,018,310**	**(1,034,809)**	**983,501**
Total equity and liabilities	**15,576,815**	**(3,449,363)**	**12,127,452**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

40. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(c) Company statement of financial position

	Impact of the adoption of amendments		
2016	As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Non-current assets			
Property, plant and equipment	5,939,647	14,890	5,954,537
Biological assets	1,858,025	(1,836,171)	21,854
Other non-current assets	242,494	-	242,494
Total non-current assets	**8,040,166**	**(1,821,281)**	**6,218,885**
Net current assets			
Biological assets	-	172,163	172,163
Other current assets	1,361,979	-	1,361,979
Current liabilities	(200,240)	-	(200,240)
Total net current assets	**1,161,739**	**172,163**	**1,333,902**
Total assets	**9,201,905**	**(1,649,118)**	**7,552,787**
Equity			
Share capital and share premium	228,055	-	228,055
Non-distributable reserves	6,745,978	(1,127,893)	5,618,085
Distributable reserves	1,350,016	(26,490)	1,323,526
Total equity	**8,324,049**	**(1,154,383)**	**7,169,666**
Non-current liabilities			
Deferred tax liability	856,009	(494,735)	361,274
Post employment benefits	21,847	-	21,847
Total non-current liabilities	**877,856**	**(494,735)**	**383,121**
Total equity and liabilities	**9,201,905**	**(1,649,118)**	**7,552,787**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

40. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

(c) Company statement of financial position (continued)

	Impact of the adoption of amendments		
2015	As previously reported KShs'000	Adjustment KShs'000	As restated KShs'000
Non-current assets			
Property, plant and equipment	6,003,214	15,472	6,018,686
Biological assets	1,842,777	(1,817,178)	25,599
Other non-current assets	186,185	-	186,185
Total non-current assets	**8,032,176**	**(1,801,706)**	**6,230,470**
Net current assets			
Biological assets	-	196,303	196,303
Other current assets	650,991	-	650,991
Current liabilities	(177,972)	-	(177,972)
Total net current assets	**473,019**	**196,303**	**669,322**
Total assets	**8,505,195**	**(1,605,403)**	**6,899,792**
Equity			
Share capital and share premium	228,055	-	228,055
Non-distributable reserves	6,903,329	(1,123,782)	5,779,547
Distributable reserves	686,917	-	686,917
Total equity	**7,818,301**	**(1,123,782)**	**6,694,519**
Non-current liabilities			
Deferred tax liability	671,781	(481,621)	190,160
Post employment benefits	15,113	-	15,113
Total non-current liabilities	**686,894**	**(481,621)**	**205,273**
Total equity and liabilities	**8,505,195**	**(1,605,403)**	**6,899,792**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CONTINUED)

41. 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 is as follows:

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

Sasini PLC (Formerly Sasini Limited)

FIVE YEAR COMPARATIVE STATEMENTS

	2017	2016 Restated	2015 Restated	2014 Restated	2013 Retstated
PRODUCTION AND SALES STATISTICS					
TEA					
Area – Hectares	1,463	1,463	1,463	1,465	1,465
Production – Tonnes	11,209	11,108	8,578	11,564	11,061
Sales – Tonnes	11,280	10,721	8,967	11,495	11,064
Sales proceeds - KShs/Kg	206	193	179	158	190
COFFEE					
Area – Hectares	775	775	775	912	912
Production – Tonnes	851	944	993	1,153	1,201
Sales – Tonnes	882	993	993	1,209	1,169
Sales proceeds - KShs'000/tonne	532	465	435	417	339
RESULTS	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Turnover	4,201,195	3,570,629	2,786,126	2,762,547	2,816,834
Gains/(losses) arising from changes in fair value less costs to sell	81,746	(117,997)	866,796	(99,100)	247,609
Profit /(loss) before taxation and non-controlling interest	520,921	759,818	1,878,274	3,280	427,788
Taxation (charge)/credit	(181,514)	(182,833)	(189,725)	1,182	(147,532)
Profit after taxation before non-controlling interests	**339,407**	**576,985**	**1,688,548**	**45,421**	**91,689**
Made up as shown below:					
Profit arising from operating activities	288,961	670,253	955,342	93,027	(50,622)
Profit/(loss) arising from changes in fair value less costs to sell after tax	57,222	(82,598)	606,757	(69,370)	173,326
Non-controlling interest	(6,776)	(10,670)	126,449	21,764	(31,015)
	339,407	**576,985**	**1,688,548**	**45,421**	**91,689**
Dividends	**(228,056)**	**(342,083)**	**(285,069)**	**(57,014)**	**(57,014)**

FIVE YEAR COMPARATIVE STATEMENTS (CONTINUED)

CAPITAL EMPLOYED	2017 KShs '000	2016 Restated KShs '000	2015 Restated KShs '000	2014 Restated KShs '000	2013 Restated KShs '000
Property, plant and equipment	8,827,710	8,888,273	8,972,529	8,573,631	2,564,268
Intangible assets	4,871	7,275	8,393	8,210	11,686
Biological assets	1,171,379	1,097,036	1,180,592	396,865	425,160
Prepaid leases - leasehold land	17,585	17,838	18,473	20,074	20,316
Capital work-in-progress	188,688	58,724	33,358	29,678	39,934
Other investments	525	525	525	525	525
Deferred tax asset	97	26,192	77,070	23,070	52,699
Net current assets	2,281,229	2,439,953	1,836,511	875,212	799,570
	12,492,084	**12,535,816**	**12,127,451**	**9,927,265**	**3,914,158**
FINANCED BY					
Share capital	228,055	228,055	228,055	228,055	228,055
Reserves	10,610,693	10,526,681	10,512,102	8,466,914	2,968,707
Non-controlling interests	306,087	320,800	346,780	241,755	99,878
Proposed dividend	171,042	285,069	57,014	57,014	-
Equity	11,315,877	11,361,605	11,143,951	8,993,738	3,296,640
Non-current liabilities	1,176,207	1,174,211	983,501	933,527	617,518
	12,492,084	**12,535,816**	**12,127,451**	**9,927,265**	**3,914,158**
RATIOS					
Earnings per share on operating activities (KShs)	1.27	2.94	4.19	0.41	(0.22)
Earnings/(loss) per share on biological assets (KShs)	0.25	(0.36)	2.66	(0.30)	0.76
Dividend per share (KShs)	1.00	1.50	1.25	0.25	0.25
Dividend cover (times covered)	1.27	1.96	3.35	1.63	(0.89)
Capital employed per share	54.78	54.97	53.18	43.53	17.16

NOTES

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, 9th March 2018 and at any adjournment thereof.

As witness my/our hand(s) this... day of 2018

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, 7th March 2018 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 9 Machi 2018 au wakati wowote ule endapo utaahirishwa.

Kama mashahidi sahihi yangu/yetu siku hii tarehe....................mwezi wa 2018

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, 7 Machi 2018 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
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FOLD 1

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

Sasini

FOLD 3

DIRECTIONS TO KAMUNDU

Sasini

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