

SASINI PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2020**

SASINI PLC

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DIRECTORS AND STATUTORY INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2020

DIRECTORS

Dr. J.B. McFie, PhD, MBS	- Chairman
Dr. N. N. Merali, PhD, CBS	
A.H. Butt, CPA (Kenya), FCCA	
S.N. Merali, Bsc, MSc	
Dr. S.O. Mainda, PhD, MA, ACII, EBS	
Betty Koech, MBA, BCom	
Rosemary Munyiri, MSc, BCom, CPA (Kenya), CISA	
Martin R. Ochieng', MBA, Bsc	- Group Managing Director

SECRETARY

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

REGISTRARS

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

ADVOCATES

Shapley Barret & Company
PO Box 40286 - 00100
NAIROBI

Harrison Hamilton and Mathews
PO Box 30333 - 00100
NAIROBI

Timamy and Company Advocates
PO Box 87288 - 80100
MOMBASA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

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

Mobile
(+254) 0722 200706, 0734 200706

E-mail
info@sasini.co.ke

Website
www.sasini.co.ke

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DIRECTORS AND STATUTORY INFORMATION (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

AUDITOR

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

BANKERS

Absa Bank Kenya Plc
Barclays Plaza
PO Box 46661 - 00100
NAIROBI

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

NCBA Bank Kenya Plc
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 Limited
Rehani House Koinange Street
PO Box 30088 - 00100
NAIROBI

Corporative 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

SASINI PLC

BOARD OF DIRECTORS **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Dr. James Boyd McFie, PhD - Chairman – Independent Non Executive Director

Dr. J.B.McFie is the Chairman of the Board of Directors. He holds a PhD in Accounting from the University of Strathclyde and a BA and MA in Mathematics from Oxford University. He is a Fellow of both the Association of Chartered Certified Accountants and the Institute of Certified Public Accountants of Kenya (ICPAK). Dr. McFie is a lecturer in Financial Reporting, Auditing and Cybercrime at Strathmore University. He is also a director of The Standard Group Limited and the Chairman of the Registration and Quality Assurance Committee of ICPAK. Between 1993 and 2002 he was a Director of the Kenya Capital Markets Authority, a member of the Kenya Value Added Tax Tribunal and a Trustee of the Kenya Corporate Governance Trust and of Jitegemee Trust. Prior to his lecturing at Strathmore University, he was the Training Manager in Ernst and Young, after qualifying as an accountant in the firm. Dr. McFie joined the Board on 30 August 2007.

Dr. Naushad Noorali Merali - Non Executive Director

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

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

Mr. Akif Hamid Butt - Non Executive Director

Mr. A. H. Butt is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant of Kenya (CPA(K)) 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 PLC 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.

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BOARD OF DIRECTORS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Mr. Sameer Naushad Merali - Non Executive Director

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

Dr. Steve Omenga Mainda, PhD - Independent Non Executive Director

Dr. Steve O. Mainda, holds a Doctorate (Honoris Causa) from the University of Eastern Africa. He also holds a Master's Degree from Princeton University and a Diploma in Management from Cambridge University as well as a Diploma in Education from University of East Africa- Makerere College.

He is an Associate of the Chartered Insurance Institute, London and a Fellow of the Institute of Directors of London.

Dr. Mainda has a wealth of experience in Finance, Insurance, Strategic Management and Education. He is currently the Chairman of Continental Reinsurance Company. He previously served as Group Chairman of Housing Finance Group of Companies until July 2020. He sits on the Board of several companies in Eastern Africa e.g. Shelter Afrique, Sasini Plc, Ryce East Africa, Tausi Assurance Company Limited, Dubai Islamic Bank Kenya and Mahathi Infrastructure Uganda Limited, e.t.c

As a Chairman and Director of various companies, he brings to the board, international business experience, management and executive leadership experience in operation, talent management and governance.

Dr. Mainda served for many years as Chairman of Insurance Regulatory Authority of Kenya (IRA), as well as Insurance Advisory Board of Kenya.

In recognition of his distinguished service to Kenya and East Africa, he was awarded Elder of the Order of the Burning Spear (EBS) by President H.E. Mwai Kibaki.

Mr. Martin Robert Ochieng' - Group Managing Director

Mr. M.R.Ochieng' is a holder of a Master of Business Administration degree in Strategic Marketing and Management from Oxford Brookes University, England, and a First Class Honours Bachelor of Science degree from Moi University. His career spans over 25 years of experience in international trade, business management and leadership in industry leading global organisations. He started work for 3M HealthCare as a Medical Representative in charge of Western Kenya region before joining Warner Lambert/Pfizer Inc. in 1997 as a Territory Manager covering Western Kenya, Eastern Uganda and North Western Tanzania regions. In 2003 he moved with Pfizer to South Africa as Head of Marketing for Sub Saharan Africa markets. He has held several leadership roles in various organisations including at KWV International as Head of Global Marketing, at Tyco International as Marketing and Strategy Director for Africa and Middle East region and later as Managing Director for Tyco Commercial Services for the region, as CEO at GHM South Africa and as Managing Director for SGA Kenya.

Mr. Ochieng' was appointed as the Group Managing Director effective 1st March 2019.

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BOARD OF DIRECTORS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Mrs. Betty Koech - Independent Non Executive Director

Mrs. Betty Koech holds a Master of Business Administration (MBA) degree from Moi University, a Bachelor of Commerce degree from the University of Nairobi and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK). She is a certified Leadership Consultant, Trainer and Coach with the John Maxwell Team (USA).

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

Mrs. Rosemary Munyiri - Independent Non Executive Director

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

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

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

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SENIOR MANAGEMENT **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Dr. Samuel Kanga Odalo, DBA, - Group Financial Controller

Dr. Samuel Odalo has over 31 years' experience in Finance, Accounting and Audit. Prior to joining Sasini PLC, he held senior Finance and Accounting positions in various companies in the 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) from USIU in partnership with Columbia Business School in New York, Bachelor of Science in Business Administration (Accounting) from USIU. Dr. Odalo is also a Certified Public Accountant (CPA) in Kenya and is bona fide Member of Institute of Certified Public Accountants of Kenya (ICPAK). He joined the Sasini group in 1998 and rose through the ranks to become the Group Financial Controller in July 2009.

Mr. Lawrence Kibet - Company Secretary

Mr. Lawrence Kibet holds a Bachelor of Laws (LL.B) Degree from the University of Nairobi, a Diploma in law from the Kenya School of Law and 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, from the University of Nairobi and 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)), an advocate of the high court of Kenya 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 16 years' experience in legal and corporate secretarial practice, corporate governance, policy management and investor relations. He has been involved in several Capital Markets transactions over the last ten years.

Mr. Silas Juma Njibwakale – Managing Director, Kipkebe Limited

Mr. Silas Juma Njibwakale holds a Bachelor's Degree in Agriculture from University of Nairobi and a Diploma in Human Resource Management from Kenya Institute of Management (KIM). He is a full member of the Institute of Human Resource Management (IHRM).

He has vast experience of over 27 years in managing tea estates and factories in Kenya. He has a wealth of knowledge in tea husbandry and has been instrumental in improving efficiencies and effectiveness within the tea industry in Kenya with a view to ensuring tea business remains sustainable with emphasis on value addition.

Prior to joining Sasini PLC, he held a number of senior management positions in various organizations which include The Sotik Tea Company Ltd, Sotik Highlands Tea Estate Ltd, Arroket Estate (Arroket & Kaptembwa) & Arroket Factory.

He has previously served as a member of the Board of Directors – Tea Board of Kenya and a Chairman of the Kenya Tea Growers Association (KTGA) – Sotik Branch.

Mr. Njibwakale was appointed as Managing Director - Kipkebe Limited (a wholly owned subsidiary of Sasini PLC) on 1st April 2019.

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SENIOR MANAGEMENT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

Mr. James Muriithi Kieu has vast experience of over 26 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. He was appointed General Manager, Coffee Operations in February 2004 where he has lead in a series of diversification programs amongst other major activities.

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

Ms. Priscah has over 16 years experience in Human Resource Management. Prior to joining Sasini PLC., she held various Senior Human Resources Management positions in Agribusiness and Manufacturing Industries. She 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). She was appointed to the position in July 2010.

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NOTICE OF THE ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE SIXTY-NINTH (69TH) ANNUAL GENERAL MEETING of the Company will be via electronic communication, **on Friday, 5th March 2021 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 Group and Company's audited financial statements for the year ended 30 September 2020, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To note that the Directors do not recommend payment of a dividend for the year ended 30 September 2020.
5. To approve payment of Director's fee for the year ended 30 September 2020
6. Auditor: To note that Messrs KPMG Kenya continue in office as the Auditor by virtue of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix the Auditor's remuneration for the ensuing financial year.
7. To elect Directors:
 - (a) Dr Naushad N Merali, who retires at this meeting in accordance with the provisions of the Company's Articles of Association and Clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. Special notice is hereby given pursuant to Section 287 of the Companies Act, 2015, that notice has been received of the intention to propose the following Resolution as an Ordinary Resolution at the 2020 Annual General meeting: That Dr Naushad N Merali who has attained the age of 70 years, be and is hereby re-elected a Director of the Company until he comes up for retirement by rotation.
 - (b) Mrs. Betty Koech, a Director retiring by rotation in accordance with the Company's Articles of Association and being eligible, offers herself for re-election.
 - (c) Mrs. Rosemary Munyiri, a Director retiring by rotation in accordance with the Company's Articles of Association and being eligible, offers herself for re-election.
8. In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:
 - (i) Mrs. Betty Koech
 - (ii) Mrs. Rosemary Munyiri
 - (iii) Mr. Sameer Merali
 - (iv) Dr. James McFie
9. To consider any other business for which due notice has been given.

SASINI PLC

NOTICE OF THE ANNUAL GENERAL MEETING (CONTINUED)

BY ORDER OF THE BOARD

LAWRENCE KIBET, CPS (K)
COMPANY SECRETARY

Date: 14 January 2021

NOTES:

1. Shareholders wishing to participate in the meeting should register for the AGM by dialling *483*806# on their mobile telephone and follow the various prompts on the registration process.
2. To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: (+254) 709 170 000 from 9:00 a.m. to 3:00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number or send an email to sasinishares@image.co.ke for assistance during registration.
3. Registration for the AGM opens on Thursday 4th February 2021 at 9:00 am and will close on Wednesday 3rd March 2021 at 5.00pm. Shareholders will not be able to register after this time.
4. The following documents may be viewed on the Company's website www.sasini.co.ke (a) a copy of this Notice and the proxy form; (b) 2020 Financial Statements
5. Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.
6. The proxy form can also be obtained from the Company's website www.sasini.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 – 00100, Nairobi, Kenya. Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the proxy form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than Wednesday 3rd February 2021 at 11.00am.
7. Duly signed proxy forms may also be emailed to sasinishares@image.co.ke in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.
8. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so on or before 3rd March 2021 at 11.00 am by: (a) sending their written questions by email to sasinishares@image.co.ke; or (b) to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 30151 – 00100, Nairobi, or to Image Registrars offices at the address above.

Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications.

The Company's directors will provide written responses to the questions received to the return physical, postal or email address provided by the Shareholder no later than 12 hours before the start of the AGM. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the AGM.

9. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in an hours' time and providing a link to the live stream.
10. Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote (when prompted by the chairman) via the USSD prompts.
11. Results of the resolutions voted on will be published on the Company's website i.e. www.sasini.co.ke within 24 hours following conclusion of the AGM.

Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM.

SASINI PLC

ILANI YA MKUTANO MKUU WA KILA MWAKA

KWA WANAHISA WOTE

ILANI INATOLEWA HAPA KUWA MKUTANO MKUU WA KILA MWAKA WA SITINI NA TISA (69) wa Kampuni utakuwa kupitia mawasiliano ya kielektroniki, Ijumaa, tarehe 5 Machi 2021, saa tano asubuhi kuendesha shughuli zifuatazo:

Shughuli za Kawaida

1. Kuwasilisha fomu za uakilishi na kutambua uwepo wa akidi.
2. Kusoma ilani ya kuitisha mukutano.
3. Kuchunguza na ikikubaliwa, kuidhinisha taarifa za kifedha zilizokaguliwa za Kampuni za mwaka unaoishia 30 Septemba 2020, pamoja na Ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi.
4. Kufahamu kuwa Wakurugenzi hawapendekezi malipo ya mgao wa faida kwa mwaka unaoishia 30 Septemba 2020.
5. Kuidhinisha kulipa malipo ya wakurugenzi ya mwaka inayoisha na tarehe 30 Septemba 2020.
6. Wakaguzi: Kutambua kuwa KPMG Kenya wanaendelea afisini kama Wakaguzi kwa sababu ya Sehemu 721 (2) ya Sheria ya Makampuni 2015 na kuidhinisha Wakurugenzi kuamua ujira wa Wakaguzi kwa mwaka wa kifedha unaofuata.
7. Kuchagua Wakurugenzi:
 - (a) Dkt. Naushad N. Merali anayestaafu katika mukutano huu na kufuatana na masharti ya Kanuni za Kampuni na kifungu 2.5 cha Kanuni ya Desturi za Utawala wa Shirika kwa Watoaji wa Amana kwa Umma. Ilani maalum inatolewa hapa kufuatana na sehemu 287 ya Sheria ya Makampuni, 2015, ilani hiyo imepokelewa ya dhamira ya kupendekeza Azimio lifuatalo kama Azimio la Kawaida katika mukutano wa kila mwaka wa 2020: ‘Kuwa Dkt. Naushad N. Merali ambaye amefikisha umri wa miaka 70, awe na hapa anachaguliwa tena Mkurugenzi wa Kampuni mpaka afikie kustaafu kwa zamu.’
 - (b) Bi. Betty Koech, Mkurugenzi anayestaafu kwa zamu kufuatana na Kanuni za Kampuni na kuwa anastahili, anajitolea kuchaguliwa tena.
 - (c) Bi. Rosemary Munyiri, Mkurugenzi anayestaafu kwa zamu kufuatana na Kanuni za Kampuni na kuwa anastahili anajitolea kuchaguliwa tena.
8. Kufuatana na masharti ya Sehemu 769 ya Sheria ya Makampuni, 2015, wakurugenzi wafuatao, wakiwa wanachama wa Kamati ya Ukaguzi, Hatari na Makubaliano ya Halmashauri wachaguliwe kuendelea kutumika kama wanachama wa kmati hiyo:
 - (i) Bi. Betty Koech
 - (ii) Bi. Rosemary Munyiri
 - (iii) Bw. Sameer Merali
 - (iv) Dkt. James McFie
9. Kushughulikia shughuli nyingine yoyote ambayo kwamba ilani ipasayo imetolewa.

**KWA AMRI YA HALMASHAURI
LAWRENCE KIBET, CPS (K)**



Tarehe: 14 Januari 2021

SASINI PLC

ILANI YA MKUTANO MKUU WA KILA MWAKA (KUENDELEZA)

MAELEZO:

1. Wanahisa wanaotaka kushiriki katika mkutano waijandikishe kwa mkutano mkuu wa kila mwaka kwa kubonyeza *483*806# kwenye simu zao za mkono na kufuata maagizo mbalimbali kwenye mchakato wa kujiandikisha.
2. Kukamilisha mchakato wa kujiandikisha, wanahisa watahitaji kutoa Nambari zao za Vitambulisho nya Kitaifa/Pasipoti zilizotumiwa kununulua hisa na/au Nambari ya Akaunti ya CDSC. Kwa usaidizi wanahisa wapige nambari ifuatayo ya usaidizi: (+254) 709 170 000 kutokea saa tatu asubuhi hadi saa tisa mchana kutokea Jumatatu hadi Ijumaa. Wanahisa nje ya Kenya wapige nambari ya usaidizi au watume barua pepe kwa sasinishares@image.co.ke kwa usaidizi wakati wa kujiandikisha.
3. Kujiandikisha kwa mkutano mkuu wa kila mwaka kunaanza Alhamisi tarehe 4 Febrauri 2021 saa tatu asubuhi na kutafungwa Jumatano tarehe 3 Machi 2021 saa kumi na moja jioni. Wanahisa hawataweza kujiandikisha baada muda huu.
4. Hati zifuatazo zinaweza kupatikana katika mtandao wa Kampuni www.sasini.co.ke (a) nakala ya Ilani hii na fomu ya uakilishi; (b) Taarifa za Kifedha za 2020.
5. Mwanahisa ye yeyote ambaye anahaki ya kuhudhuria na kupiga kura katika Mkutano Mkuu wa Mwaka anahaki kuteua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe mwanachama wa Kampuni.
6. Fomu ya uakilishi pia inaweza kupatikana kutoka kwa mtandao wa Kampuni www.sasini.co.ke au kutoka Image Registrars Limited Absa Towers (awali Barclays Plaza) ghorofa ya 5, Barabara ya Loita, S.L.P. 9287-00100, Nairobi, Kenya. Wanahisa ambao hawatarajii kuwepo katika Mkutano Mkuu wanaombwa kujaza na kurejesha fomu za uakilishi kwa Image Registrars Limited, au vinginevyo kwa Afisi Illoandikishwa ya Kampuni ili ifike kabla ya Jumatano tarehe 3 Machi 2021 saa tano asubuhi.
7. Fomu ya uakilishi zilizotiwa sahihi kisawa zinaweza pia kutumwa kwa barua pepe kwa sasinishares@image.co.ke kwa muundo wa PDF. Fomu ya uakilishi lazima iwekwe sahihi na anayeteua au wakili wake aliyeidhinishwa kisawa kwa maandishi. Ikiwa anayeteua ni shirika, hati inayomteua mwakilishi lazima iwe na muhuri wa kawaida wa Kampuni au kwa idhini ya afisa au mwanasheria aliyeidhinishwa wa shirika hilo.
8. Wanahisa wanaotaka kuuliza maswali yoyote au kutaka ufanuzi kuhusu mkutano mkuu wa mwaka wanaweza kufanya hivyo siku ya tarehe 3 Machi 2021 saa nane na nusu mchana au kabla ya hapo kwa (a) kutuma maswali yao yaliandikwa kwa barua pepe kwa sasinishares@image.co.ke; au (b) inapowezekana kuwasilisha kwa mkono au kutuma kwa posta maswali yao yaliandikwa na anwani ya kujibu ya anapoishi, ya posta au barua pepe kwa afisi ilioandikishwa ya Kampuni au S.L.P. 30151-00100, Nairobi au kwa afisi za Image Registrars katika anwani ilipo hapa juu.

Lazima wanahisa watoe maelezo yao kamili (majina kamili, Nambari ya Kitambulisho cha Kitaifa/Pasipoti/Nambari ya Akaunti ya CDSC) wanapokuwa wanawasilisha maswali yao au ufanuzi.

Wakurugenzi wa Kampuni watajibisha kwa maandishi maswali yaliyopokelewa kwa anwani ya kujibia ya anapoishi, ya posta au barua pepe iliyotolewa na mwenye hisa kwa muda usiopungua masaa kumi na mbili kabla ya kuanza kwa mkutano mkuu wa mwaka. Orodha kamili ya maswali yote yaliyopokelewa na majibu kuhusiana nayo yatachapishwa katika mtandao wa kampuni kwa muda usiopungua masaa kumi na mbili ya kuanza kwa mkutano mkuu wa mwaka.
9. Mkutano mkuu wa mwaka utapeperushwa moja kwa moja kuitia kiungo ambacho kwamba kitatolewa kwa wanahisa wote ambao watakuwa wamejiandikisha kushiriki katika mkutano mkuu wa mwaka. Wanahisa waliojiandikisha kisawa na wawakilishi watapata agizo la huduma ya ujumbe mfupi (SMS/USSD) kwenye simu zao za mkono zilizoandikishwa, masaa 24 kabla ya mkutano mkuu wa mwaka ikiwa kama ukumbusho wa mkutano mkuu wa mwaka. Agizo la pili la SMS/USSD litatumwa saa moja kabla mkutano mkuu wa mwaka, kama ukumbusho kuwa mkutano mkuu wa mwaka utaanza katika saa moja na kutoa kiungo kwa upeperushaji wa moja kwa moja.
10. Wanahisa na wawikilishi ambao kuwa wamejiandikisha kuhuduria mkutano mkuu wa mwaka wanaweza kufuata yanayotendeka wakitumia jukwaa la kupeperushwa moja kwa moja kuipata ajenda na kupiga kura (watakaoagizwa na mwenyekiti) kuitia maagizo ya USSD.
11. Matokeo ya maazimio ya yaliopigiwa kura yatachapishwa kwenye mtandao wa Kampuni yaani www.sasini.co.ke katika masaa ishirini na nne kufuatin kumalizwa kwa mkutano mkuu wa mwaka.

Wanahisa wanahimizwa kufuatinia mtandao wa Kampuni siku zote kwa maelezo yoyote mapya kuhusiana na mkutano mkuu wa mwaka.

SASINI PLC

CHAIRMAN'S STATEMENT **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

“Despite the obvious challenges to the business brought about by the COVID 19 pandemic, we intend to stay resilient with increased focus on our core and new businesses”

BUSINESS ENVIRONMENT

GROUP FINANCIAL RESULTS

Overview

This year The Group's financial performance though greatly better than that previous year, was slowed down by the negative effects of the COVID 19 pandemic. The Group recorded an operational profit after tax of Kes. 74.25 million compared to a loss after tax of 314.19 million the prior year (124% improvement). This reflects a great improvement and even though not where we had intended to be when we started the financial year, is a good sign of the progress that has been made.

The year was one of mixed results as a lot of the positive operational changes that were made in the previous year showed great promise of delivering the desired results, but these positives were negated by the sudden outbreak of the COVID 19 disease early on in the year and its long-lasting effects on business. We enjoyed good weather suitable for our tea and avocado businesses with more than adequate rainfall in our growing regions. This resulted in a bumper tea crop and a fruitful year in terms of pickings for the avocado business. However, the prolonged rains interfered with the normal development cycles for our coffee crop resulting in delayed stressing of the coffee bushes and thus reduced flowering. This generally reduced the coffee crop not just for Sasini but for the whole industry by almost 40%.

In addition to these mixed fortunes, the main avenue for our tea sales, the Mombasa auction showed no recovery from the low prices experienced the year before. This depressed price situation was made worse by the interruptions to logistics flow of teas to several parts of the world which saw demand for tea into the traditionally strong Middle East Region reduce. The company took to seeking alternative sales avenues for the tea as we sought to sell more of our teas privately through direct contracts to try and fetch better prices. The tea business also saw the rolling out of our automation plans in the field with the introduction of several forms of technology to aid in the tea picking process. The main aim of this was to help curb the ever-increasing cost of tea production. We launched both the mechanical tea harvesting machines as well as the self-propelled tea harvesters to aid with achieving this goal. I am glad to say that this exercise was finalized with huge success and will give the company a good basis and platform for success in its tea business for years to come. The automation of our business is an ongoing strategic process that will focus on our key agricultural and production activities both in the field and in the factories. It remains our intention to help drive industry innovation and simplification through this process going forward.

Our Coffee business saw steady revival despite our production volumes being down from what we had anticipated at the start of the year. The Nairobi Coffee Exchange saw an improvement in the selling prices for coffee on the back of these reduced volumes and our trading business continued its steady growth. It is our anticipation that this will be the case for a few years ahead and we will continue to maximise the coffee business for better results in those ensuing years. Our commitment to the Kenyan coffee farmers continued to be strong in the year under review and our relationships with our farmers will continue to form a strong and critical part of our coffee business for many years to come.

The avocado business showed strong growth both in volume and sales in the past year. This was enhanced by favorable weather conditions suitable for ideal growing of the fruit. Despite the challenges brought about by the COVID 19 pandemic, we exported more fruit in 2019/20 financial year than we have ever done since we launched this business 3 years ago. The demand for fruit into Europe grew slightly as the national lockdowns brought about by the pandemic kicked in across the continent. Despite this, we continued to encounter logistical challenges mainly arising from the COVID 19 issues, but we worked very well with our shipping lines to minimize the negative effects of these disruptions.

SASINI PLC

CHAIRMAN'S STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

BUSINESS ENVIRONMENT (Continued)

The macadamia business was the worst hit by the pandemic outbreak. The global nuts business is driven by three main avenues being retail outlets for packed nuts, the airline industry and the hospitality industry. All these three avenues were heavily affected by the pandemic related lockdowns with the hotel and airline industries remaining completely closed for the bigger part of our financial year. The net effect of this was that we were unable to trade in macadamia nuts from February 2020 for the balance of the financial year.

We closed our processing plant as a result and focused on processing the nuts that we had harvested by the time the pandemic broke. We expect this business to pick up very slowly in the future as the anticipated effects of the pandemic continue to affect the general nuts business negatively and especially in the hospitality and travel industries. We continued to work with the crop we are developing in our own farms as well as that which we get from our farmers to ensure a steady supply when the business environment normalizes.

We continued the year with strong focus on organizational leadership to help deepen our talent base and help us stay operationally strong for many years to come. During the year, the board, together with the management of the organization, worked together to produce our strategic framework to help guide the business performance and growth over the next 5 years. These were adapted and communicated across the whole organization to popularize them and ensure alignment for better success. We intend to focus going forward on 6 key strategic pillars as below:

1. Strengthen our focus on driving a performance culture to help sharpen operational planning and execution;
2. Structure and align the organization to be cost prudent;
3. Drive focus on commercial aspects to sharpen the organization's sales and marketing efforts;
4. Drive focus on talent management, development and retention;
5. Strengthen our fiscal management to ensure sustainable financial health of the organization and;
6. Strive to build a compliant business based on sustainable ethics and practices.

It is our strong belief that these objectives will gear us steadily towards our vision of being the leading agribusiness in Africa and our mission of focusing on innovative and efficient business practices, quality products and commitment to all our stakeholders. We continue to base our values on striving to conduct our business with integrity, efficiency, and a positive attitude while building teamwork that is based on respect for all.

On behalf of the board, I am very proud of the work that went into defining this framework and its use to guide our business in the year just ended. We will drive the achievement of all these goals in the strategic timeframe to set the business on a long-term drive of achieving all its growth goals.

The organization's leadership under the new Group Managing Director, Mr. Martin R. Ochien'g has now stabilized and the board has great expectations from the leadership team and the whole company going forward.

Tea production during the year increased to 12,445 tonnes against the prior year's production of 9,318 tonnes. Our tea sales in the auction dropped to 6,438 tonnes, while our sales through the private channels increased to 6,367 tonnes. These volumes compare to 6,890 tonnes and 2,310 tonnes in the auction and private sales respectively in the prior year. As a result of all this, our average price per Kg in the concluded year was USD 1.67 compared to USD 1.62 in the previous year. The effect of mechanization in the fields meant that we were able to initiate an assault on our cost of production which will bode very well for the business in future.

SASINI PLC

CHAIRMAN'S STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

BUSINESS ENVIRONMENT (Continued)

Our coffee production reduced in the year to 513 tonnes compared to the previous year when our production was 986 tonnes. Due to the general reduced production and volumes in Kenyan coffee, our average price per Kg. improved to USD 4.46 per Kg. compared to USD 3.07 in the prior year.

Due to the Government's decision to suspend the negotiations on all collective bargaining agreements (CBA's) during the COVID 19 outbreak, there were no CBA negotiations advanced in the year under review. We remain committed to being an employer of choice and will adhere with our responsibility in these negotiations together with the relevant authorities and affected bodies when they resume.

This year as well, we launched a strong drive to be more active in aspects of sustainability. With Sasini PLC being an active signatory and member of the United Nations Global Compact Kenya, we have aligned ourselves with goals that will ensure that we play our part strongly in ensuring that our business is done sustainably and in a manner that does not damage the environment or do harm to society. Our actions will be guided by the 4 thematic areas of focus being general adherence to human rights in our business, advancing good labour practices, active protection of the environment and a strong pursuance of anticorruption in all we do.

It is towards this end that we decided to include this crucial business and social aspect in our strategic framework and to embark on a journey of driving the Global Sustainable Development Goals (SDGs) as an integral part of our business and corporate citizenship. I would like to let the shareholders know that from the next financial year, we intend to publish a sustainability report which will be our very first one and will outline our commitments, achievements so far and our intentions to not only comply with the SDGs but to be an active and industry leader in driving them in all our business spheres. We will start that process in this annual report with a section on sustainability outlining our original ideas that we hope to build on in years ahead.

As many of you will know, we have shown serious commitment to education over the past many years and this will continue going forward. We will continue our commitment to not only improving education in the communities where we live and work, but also advancing gender equity in those communities, providing clean water and adequate sanitation facilities, advocating for the protection of the environment, and ensuring that all our agricultural and business practices are not harmful to societies for which we are responsible.

On the business compliance front, we remain fully adherent to all the regulations that govern all our businesses and will continue to do so.

As per our new strategic direction, the board of Directors will continue to focus the management and the whole organization on managing talent and performance, simplification through automation where possible, innovation in agronomical practices, sharpening of commercial activities, fiscal rigor and discipline and strict adherence to global sustainable development goals in all the organization's activities. It is our intention to sweat the investment the company has placed in the recent past in the avocado and macadamia businesses to help diversify the revenue and profit streams for Group and help reduce our reliance on tea and coffee.

SASINI PLC

CHAIRMAN'S STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

BUSINESS ENVIRONMENT (Continued)

LOOKING AHEAD:

Despite the obvious challenges to the business brought about by the COVID 19 pandemic, we intend to stay resilient with increased focus on our core and new businesses. We feel confident that the changes we have been making over the last 2 years in leadership and the investments we have driven will bear fruit in all our business areas.

In our tea business, we will entrench our automation project to help deliver profits derived from reduced costs of production. The management is focused on maximizing production as a result, combining this with the release of top-quality black tea for export to help meet all our intended customers' needs. In the months and years ahead, and once we finish with automation in the field, it is our intention to initiate and enhance automation in the factories as well. All these will be based on the crucial need for the business to find cleaner, simpler and more affordable ways of conducting its business.

The coffee business will continue to drive focus on our crop husbandry and enhance this with farmer loyalty to ensure steady supply of the produce that we need for our business to flourish. We will also enhance our continued focus on the trading business to boost our earnings derived from this business unit.

We intend to continue strengthening our avocado business by driving further enhancements into our processing and packing units and underpin this with a strong focus on improving and growing our client base in Europe on top of seeking to expand into the Middle East and Asia.

The macadamia business will recover when the global markets fully reopen for nuts. We are geared to benefit from this as we have all our capabilities lined up to do so. We will drive attention on expanding our client base to support the North American market we currently supply and expand into Europe and Asia.

In 2020, the management took a decision to review and revamp the local retail business with an aim of taking advantage of Sasini PLC's unique position as a strong grower, producer and marketer of both tea and coffee to enhance the usage and consumption of both beverages in the country. To this effect, the company launched in November 2020 new variants of Sasini tea and coffee products and packaging to reflect the consumer feedback gotten in research about what would be relevant in our Kenyan market. We will invest in driving this pack and product upgrades with adequate consumer and marketing communication going forward and steadily but surely help build the Sasini brand in Kenya.

We feel the business is in a good space to spur the growth it seeks. The leadership from the board, management team, organizational talent, business units, and other initiatives will help the company catapult into the success era it has sought for some years.

Acknowledgement:

On behalf of the board, I would like to extend my sincere gratitude to my fellow board members, leadership team and staff at Sasini PLC, our shareholders, suppliers, customers, clients and all our stakeholders for supporting the business during this very challenging year. We continue to stay focused on growing the shareholder wealth through continued strong strategic and operational performance of the business.



Dr. J. B. McFie, PhD

Chairman

Date: 14 January 2021

SASINI PLC

TAARIFA YA MWENYEKITI **YA MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020**

“Dhidi ya changamoto za wazi kwa biashara zilizosababishwa na ugonjwa wa COVID 19, tunadhamiria kubakia imara na kulenga zaidi kwenye biashara yetu kuu na biashara mpya”.

MAZINGIRA YA BIASHARA

Mtazamo

Ijapokuwa utendaji wa kifedha wa Kundi mwaka huu ni mzuri zaidi ya ule wa mwaka jana, ulilemazwa na athari hasi za ugonjwa wa COVID 19. Kundi lilipata faida ya uendeshaji kazi baada ya kodi ya KSh. milioni 74.25 ikilinganishwa na hasara baada kodi ya KSh. milioni 314.19 mwaka uliotangulia (ongezeko la asilimia 124).

Hili linaonyesha ongezeko kubwa na ijapokuwa sio pale tulipodhamiria kuwepo tulipoanza mwaka wa kifedha, ni ishara nzuri ya maendeleo yaliofanywa.

Mwaka ulikuwa wa matokeo ya mchanganyiko kwa vile mabadiliko mengi chanya ya uendeshaji kazi yaliofanywa katika mwaka uliotangulia yalionyesha matumaini mazuri sana ya kuleta matokeo yaliotakiwa, lakini mazuri haya yalibadilishwa kwa kuzuka kwa mlipuko wa ghafla wa ugonjwa wa COVID 19 mapema katika mwaka na athari zake za muda mrefu katika biashara. Tulifaidi hali nzuri ya hewa inayofaa kwa biashara zetu za majani chai na parachichi na tukiwa na mvua ya zaidi ya kutosha katika maeneo yetu ya ukuzaji. Hili lilisababisha mavuno makubwa ya majani chai na mwaka wa faida kulingana na uchumaji kwa biashara ya parachichi. Ijapokuwa, mvua zilizoendelea zilikatiza mifuatano ya maendeleo ya kawaida ya zao letu la kahawa ikisababisha shinikizo liliocheleweshwa la miti ya kahawa na hivyo punguziko la uchanuaji. Hili kwa jumla lilipunguza zao la kahawa sio tu kwa Sasini bali kwa tasnia nzima kwa karibu asilimia 40.

Pamoja na mafanikio haya mseto, njia kuu ya mauzo yetu ya majani chai, Mnada wa Mombasa haukuonyesha kupata ahueni kutoka kwa bei za chini zilizopatikana mwaka uliotangulia. Hali hii ya kupungua kwa bei ilizidishwa zaidi na pingamizi katika uendeshi wa utaratibu wa ugavi na usafirishaji wa majani chai katika sehemu kadhaa za ulimwengu zilizofanya mahitaji ya majani chai katika eneo thabiti la asili la Mashariki ya Kati kupungua. Kampuni ilianza kutafuta njia mbadala za mauzo ya majani chai tukitafuta kuuza zaidi majani chai yetu kibinasi kipitia mikataba ya moja kwa moja kujaribu na kupata bei nzuri zaidi. Biashara ya majani chai pia ilipata uanzishaji wetu wa mipango ya kutumia mashine za kujiendesha shambani kwa kuanzishwa kwa aina kadhaa za teknolojia kusaidia mchakato wa uchumaji majani chai. Lengo hasa la hili lilikuwa kusaidia kupunguza gharama zinazoendelea kuongezeka kila uchao za uzalishaji majani chai. Tulianzisha zote mashine za mitambo ya uvunaji majani chai na pia mashine za kuvuna majani chai zinazojendesha kusaidia kutimiza lengo hili. Nina furaha kusema kuwa shughuli hii ilikamilishwa kwa ufanisi mkubwa na itaipatia kampuni msingi mzuri na jukwaa la ufaulu katika biashara yake ya majani chai kwa miaka inayokuja. Utumiaji wa mashine za kujiendesha katika biashara yetu ni mchakato wa kimkakati unaoendelea utakaolenga katika shughuli zetu muhimu za kilimo kote shambani na viwandani. Bado inabakia nia yetu kusaidia kuendeleza uvumbuzi na urahisishaji wa tasnia kipitia mchakato huu tukiendelea mbele.

Biashara yetu ya kahawa ilipata ufulufuaji ulioimari kwa licha ya viwango vyetu vya uzalishaji kuwa chini kutoka vile tulivyotarajia mwanzoni mwa mwaka. Soko la Ubadilishanaji Kahawa la Nairobi lilipata ongezeko katika bei za mauzo za kahawa juu ya viwango hivi viliviyopungua na biashara yetu iliendelea na ukuaji wake imara. Ni matarajio yetu kuwa hii itakuwa ndiyo hali kwa miaka michache ijayo na tutaendelea kuongeza hadi upeo biashara ya kahawa kwa matokeo bora zaidi katika miaka hiyo inayofuata. Msimamo wetu kwa wakulima wa kahawa wa Kenya uliendelea kuwa imara katika mwaka unaorejelewa na mahusiano yetu na wakulima wetu yataendelea kuunda sehemu thabiti na muhimu ya biashara yetu ya kahawa kwa miaka mingi inayokuja.

SASINI PLC

TAARIFA YA MWENYEKITI (KUENDELEZA) YA MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

MAZINGIRA YA BIASHARA (Kuendeleza)

Mtazamo - kuendeleza

Katika mwaka uliopita biashara ya parachichi ilionyesha ukuaji imara katika zote viwango na mauzo. Hili lilizidishwa na hali za hewa za kufaa zinazofaa kwa ukuzaji bora wa tunda hili. Licha ya changamoto zilizosababishwa na ugonjwa wa COVID 19, tulisafirisha matunda zaidi katika mwaka wa kifedha wa 2019/2020 kuliko ambavyo tumefanya kabisa kutokea tuanzishe biashara hii miaka mitatu iliopita. Mahitaji ya matunda Ulaya yaliongezeka kidogo kwa vile kufungwa kwa kitaifa kulikosababishwa na ugonjwa kulianza barani kote. Juu ya hili, tuliendelea kukumbana na changamoto za utaratibu wa ugavi na usafirishaji hasa zikitokana na maswala ya COVID 19, lakini tulifanya kazi vizuri sana na kampuni zetu za usafirishaji kwa meli kupunguza athari hasi za vurugu hizi.

Biashara ya makadamia ndiyo ilioathirika zaidi na mlipuko wa ugonjwa. Biashara ya aina za njugu ya kilimwengu inasukumwa kwa njia tatu kuu zikiwa njia rejareja za aina za njugu zilizofungwa, tasnia ya mashirika ya ndege na tasnia ya hoteli. Njia zote hizi tatu ziliathirika sana na kufungwa kulikotokana na ugonjwa huu na tasnia za hoteli na mashirika ya ndege zikibakia zimefungwa kabisa kwa sehemu kubwa ya mwaka wetu wa kifedha. Athari halisi ya hili ni kuwa hatukuweza kuuza makadamia kutoka Februari 2020 kwa muda uliobakia wa mwaka wa kifedha. Matokeo yake tulifunga kiwanda chetu cha utengenezaji na kulenga katika kutengeneza makadamia ambayo tayari tumevuna kufikia wakati ugonjwa ulipoanza. Tunataraji biashara hii kuimarka taratibu sana katika siku za usoni vile athari zinazotarajiwa za ugonjwa huu zinavyoendelea kuathiri kihasi biashara ya aina za njugu kwa ujumla na hasa katika tasnia ya hoteli na usafiri. Tuliendelea kufanya kazi na zao tunaloendelea katika mashamba yetu wenyewe na pia lile tunalopata kutoka kwa wakulima wetu kuhakikisha ugavi thabiti wakati mazingira ya biashara yatakapokuwa ya kawaida.

Tuliendelea mwaka na msisitizo thabiti katika uongozi wa kishirika kusaidia kuongeza msingi wetu wa ujuzi na kusaidia kubakia imara kiuendeshaji kazi kwa miaka minge inayokuja. Halmashauri pamoja na usimamizi wa shirika, katika mwaka, walifanya kazi pamoja kutayarisha mhimili wetu wa kimkakati kusaidia kuongoza utendaji na ukuaji wa biashara katika miaka mitano inayokuja. Haya yalitengenezwa na kuwasilishwa kwa shirika lote kuenezwa kwa wote na kuhakikisha ufungamano kwa ufaulu zaidi. Tukienda mbele tunadhamiria kusisitiza nguzo sita muhimu za kimkakati kama zilivyo hapa chini:

1. Kuimarka msisitizo wetu kwenye kuhakikisha utamaduni wa utendaji kusaidia kunoa upangaji wa uendeshaji kazi na utekelezaji ;
2. Kuunda na kupanga shirika kuwa na gharama za busara ;
3. Kuweka msisitizo kwenye vipengele vya kibiashara kuongeza juhudzi za mauzo na elimu ya soko ;
4. Kulenga kwenye usimamizi wa ujuzi, maendelezo na uhifadhi ;
5. Kuimarka usimamizi wetu wa kifedha kuhakikisha uzima endelevu wa kifedha wa shirika na;
6. Kujitahidi kujenga biashara yenyeku kubalifu ilioegeshwa kwenye maadili na desturi endelevu.

Ni imani yetu thabiti kuwa malengo hayo yatarekebisha sisi taratibu kuelekea ruwaza yetu ya kuwa biasharakilimo inayoongoza Afrika na wito wetu wa kusisitiza desturi mpya za biashara na za kufaa, bidhaa za ubora na ujitooleaji kwa washika dau wetu wote. Tunaendelea kuegemeza maadili yetu kwenye kujitahidi kuendesha biashara yetu kwa uadilifu, ufanisi na mwelekeo chanya wakati tukijenga ushirikiano kikazi uliojengwa kwa heshima kwa wote.

Kwa niaba ya halmashauri, ninafahari kubwa ya kazi iliofanywa katika kuelezea mhimili huu na matumizi yake kuongoza biashara yetu katika mwaka ulioanza kwisha. Tutaendesha ufikiaji wa malengo haya yote katika muda ufaao kuiweka biashara katika msukumo wa muda mrefu wa kutimiza malengo yake yote ya ukuaji.

SASINI PLC

TAARIFA YA MWENYEKITI (KUENDELEZA) YA MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

MAZINGIRA YA BIASHARA (Kuendeleza)

Mtazamo - kuendeleza

Uongozi wa shirika chini ya Mkurugenzi Msimamizi mpya wa Kundi, Bw. Martin R. Ochieng sasa umeimarika na halmashauri ina matarajio makuu kutoka kwa timu ya uongozi kwenda mbele.

Katika mwaka uzalishaji majani chai uliongezeka kuwa tani 12,445 dhidi ya uzalishaji wa tani 9,318 mwaka uliotangulia. Mauzo yetu ya majani chai katika mnada yalipungua kuwa tani 6,438, hali mauzo yetu kupitia njia za kibinafsi yaliongezeka kuwa tani 6,367. Viwango hivi vinalingana na tani 6,890 na tani 2,310 katika mnada na mauzo ya kibinafsi mtawalia katika mwaka uliopita. Kama matokeo ya haya yote, bei yetu ya wastani kwa kilo katika mwaka uliomalizika ilikuwa USD 1.67 ikilinganishwa na USD 1.62 katika mwaka uliopita. Athari ya utumiaji wa mashine mashambani inamaanisha kuwa tuliweza kuanzisha urekebishaji kwenye gharama yetu ya uzalishaji ambao utabashiri vizuri sana kwa biashara katika siku za usoni.

Katika mwaka uzalishaji wetu wa kahawa ulipungua kuwa tani 513 ikilinganishwa na mwaka uliotangulia wakati uzalishaji wetu ulikuwa tani 986. Kutokana na upungufu wa jumla wa uzalishaji na viwango katika kahawa ya Kenya, bei yetu ya wastani kwa kilo iliongezeka kuwa USD 4.46 kwa kilo ikilinganishwa na USD 3.07 mwaka uliotangulia.

Kutokana na uamuzi wa Serikali kuahirisha mapatano ya mikataba yote ya maafikiano ya pamoja wakati wa mlipuko wa COVID 19, kulikuwa hakuna mapatano ya mikataba ya maafikiano ya pamoja yalioendelezwa katika mwaka unaopitiwa. Tunabaki na msimamo wa kuwa mwajiri wa kuchaguliwa na tutatekeleza wajibu wetu katika mapatano haya pamoja na mamlaka husika na mashirika yalioathirika watakapoanza tena.

Mwaka huu pia, tulianzisha msukumo thabiti wa kuwa tendaji zaidi katika vipengele vya uendelevu. Na Sasini PLC ikiwa mweka sahihi tendaji na mwanachama wa United Nations Global Compact Kenya, tumejipanga wenyewe na malengo yatakayohakikisha biashara yetu inaendeshwa kiuendelevu na kwa njia ambayo haiharibu mazingira au kudhuru jamii. Matendo yetu yataongozwa na maeneo manne ya kimaudhui tunayolenga yakiwa, utekelezaji wa jumla wa haki za kibinadamu katika biashara yetu, kuendeleza desturi nzuri za ufanyaji kazi, ulinzi halisi wa mazingira na ufuutilizi imara dhidi ya rushwa katika yote tunayofanya.

Ni kufuatia hili ndiyo tuliamua kuongezea kipengele hiki muhimu cha kibashara na kijamii katika mhimili wetu wa kimkakati na kuanza safari kutekeleza Malengo ya Kilimwengu ya Maendeleo Endelevu kama sehemu muhimu ya biashara yetu na uraia wa shirika. Ningependa kuwajulisha wanahisa kuwa kutokea mwaka wa kifedha unaokuja tunadhamiria kuchapisha ripoti ya uendelevu ambayo itakuwa yetu ya kwanza kabisa na itaonyesha misimamo, mafanikio kufikia sasa na maazimio yetu sio tu kutimiza Malengo ya Kilimwengu ya Maendeleo Endelevu lakini kuwa tendaji na kiongozi wa tasnia katika kuyatekeleza katika maeneo yetu yote ya biashara. Tutaanza jambo hilo katika ripoti hii ya kila mwaka na sehemu kuhusu uendelevu ikielezea mawazo yetu asili tunayotaraji kuendeleza katika miaka ya mbeleni.

Kama wengi wenu mutakavyojua, tumeonyesha msimamo wa dhati kwenye elimu katika miaka mingi iliopita na hili litaendelea tukienda mbele. Tutaendeleza msimamo wetu sio tu katika kuimarishe elimu katika jamii ambazo tunaishi na kufanya kazi, lakini pia kuendeleza usawa wa kijinsia katika jamii hizo, kutoa maji safi na nyenzo za kudhibiti afya, kupigania uhifadhi wa mazingira, na kuhakikisha kuwa desturi zetu zote za kilimo na biashara hazidhuru jamii ambazo kwamba tunawajibikia.

SASINI PLC

TAARIFA YA MWENYEKITI (KUENDELEZA) YA MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

MAZINGIRA YA BIASHARA (Kuendeleza)

Mtazamo - kuendeleza

Kwa upande wa maafikiano ya biashara, tunabakia kutimiza kikamilifu masharti yote yanayotawala biashara zetu zote na tutaendelea kufanya hivyo.

Kama vile kulingana na mwelekeo wa kimkakati wetu mpya, Halmashauri ya Wakurugenzi itaendelea kuelekeza usimamizi na shirika lote kwenye kusimamia uwezo na utendaji, urahisishaji kupitia utumiaji wa mashine zinazojiendesha inapowezekana, uvumbuzi katika desturi za kilimo, kuimarisha shughuli za biashara, msimamo na nidhamu za kifedha na ufuutilizi kamili wa Malengo ya Kilimwengu ya Maendeleo Endelevu katika shughuli zote za shirika. Ni nia yetu kufanyisha kazi kitega uchumi kampuni imekeza katika wakati uliopita karibuni katika biashara za parachichi na makadamia kusaidia kupanua njia za mapato na faida za Kundi na kusaidia kupunguza utegemezi wetu kwenye majani chai na kahawa.

Kulenga Mbele

Licha ya changamoto hizo zilizo wazi kwa biashara zilizoletwa na ugonjwa wa COVID 19, tunanua kubakia imara na kulenga zaidi kwenye biashara yetu kuu na biashara mpya. Tuna imani kuwa mabadiliko ambayo tumekuwa tukiyafanya katika miaka miwili iliyopita katika uongozi na vitega uchumi tulivyoakeza yatakuwa ya manufaa katika maeneo yote ya biashara yetu.

Katika biashara yetu ya majani chai, tutaimarisha mradi wetu wa utumizi wa mashine zinazojiendesha kusaidia kupata faida zitakazotokana na gharama zilizopungua za uzalishaji. Kama matokeo, usimamizi unalenga kuongeza hadi upeo uzalishaji ukiunganisha hili na utoaji wa majani chai meusi ya ubora wa juu kwa usafirishaji kusaidia kutimiza mahitaji yote ya wateja wetu tunavyodhamiria. Katika miezi na miaka ya usoni, na muda tunapokamilisha utumiaji wa mashine za kujiendesha shambani, ni nia yetu kuanzisha na kuendeleza pia utumizi wa mashine za kujiendesha katika viwanda. Hizi zote zitaelekeza kwenya haja kuu ya biashara kupata njia mpya, rahisi na za kumudika za kuendesha biashara yake. Biashara ya kahawa itaendelea kulenga kwenye ukulima wa zao letu na kuongeza hili na uaminifu wa mkulima kuhakikisha ugavi thabiti wa zao tunalohitajia kwa biashara yetu kuchanua. Pia tutazidisha msisitizo wetu unaoendelea kwenye biashara ya kuchuuza kuinua mapato yetu yanayopatikana kutoka kwa kitengo hiki cha biashara.

Tunadhamiria kuendelea kuimarisha biashara yetu ya parachichi kwa kuangalia zaidi vitengo vyetu vya utengenezaji na ufungaji na kuimarisha hili kwa kuangalia zaidi uimarishaji na ukuzaji wa idadi ya wateja wetu Ulaya mbali na kutafuta kuingia Mashariki ya Kati na Asia.

Biashara ya makadamia itapata ahueni wakati masoko ya kilimwengu yatafunguliwa kikamilifu kuuza aina za njugu. Tunajitayarisha kufaidika kutokana na hili kwa vile uwezo wetu wote tumeupanga kufanya hili. Tutaelekeza uangalifu wetu kwenye kuongeza idadi ya wateja wetu kusaidia soko la Marekani Kaskazini tunalotoa ugavi kwa sasa na kuingia Ulaya na Asia.

SASINI PLC

TAARIFA YA MWENYEKITI (KUENDELEZA) YA MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

MAZINGIRA YA BIASHARA (Kuendeleza)

Kulenga Mbele

Katika mwaka 2020, usimamizi uliamua kupitia na kuinua biashara rejareja za nchini kwa lengo la kufaidika na nafasi ya kipekee ya Sasini PLC kama mkuzaji imara, mzalishaji na muuzaji wa zote majani chai na kahawa kuongeza utumiaji na mazoea ya vinywaji vyote nchini. Kutekeleza hili, mwezi Novemba 2020 kampuni ilianzisha aina mpya tofauti za bidhaa na ufungizi za majani chai na kahawa za Sasini kuonyesha maoni ya mtumiaji yaliopatikana katika utafiti kuhusu kitakachofaa katika soko letu la Kenya. Tutaakeza katika kutekeleza uboreshaji huu wa ufungizi na bidhaa kwenda mbele kwa mawasiliano ya kutosha na watumiaji na uuzaji na polepole lakini kwa hakika kujenga chapa ya Sasini nchini Kenya.

Tunaiona biashara iko katika nafasi nzuri kuchochea ukuaji inayotafuta. Uongozi kutoka kwa halmashauri, timu ya usimamizi, ujuzi wa kishirika, vitengo vya biashara na juhudi nyingine zitasaidia kampuni kuingia katika kipindi cha ufanisi inayokitafuta kwa miaka kadhaa.

Shukrani:

Kwa niaba ya halmashauri, ningependa kutoa shukrani zangu za dhati kwa wanachama wenzangu wa halmashauri, timu ya uongozi na wafanyikazi wa Sasini PLC, wanahisa wetu, wagavi, wateja, wanunuzi na washika dau wetu wote kwa kuunga mkono biashara katika mwaka huu mgumu sana. Tunaendelea kulenga kwenye kukuza utajiri wa mwanahisa kupitia utendaji na uendeshaji imara wa kimkakati wa biashara unaoendelea.


Dkt. J.B. McFie, PhD

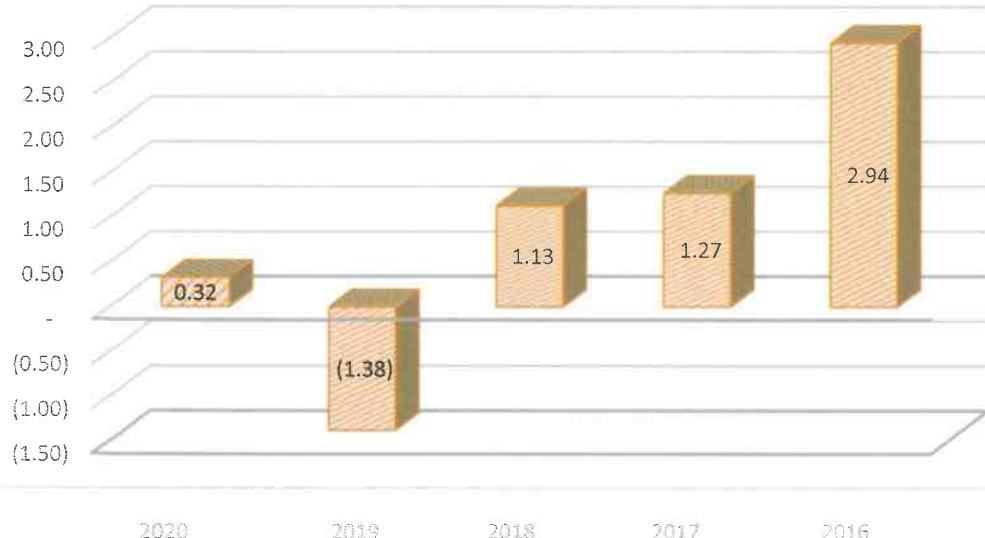
Mwenyekiti

Tarehe: 14 Januari 2021

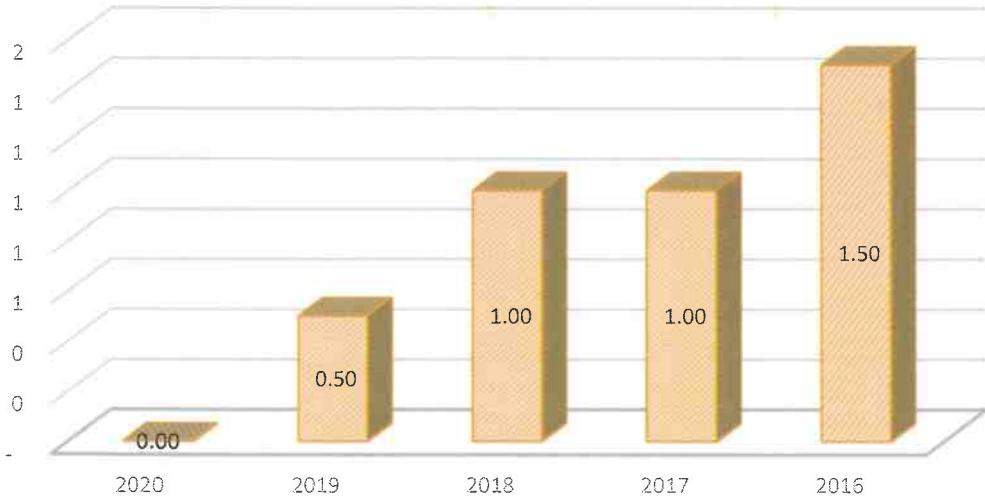
SASINI PLC

GRAPHICAL HIGHLIGHTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

EARNINGS PER SHARE ON OPERATING ACTIVITIES (KSHS)



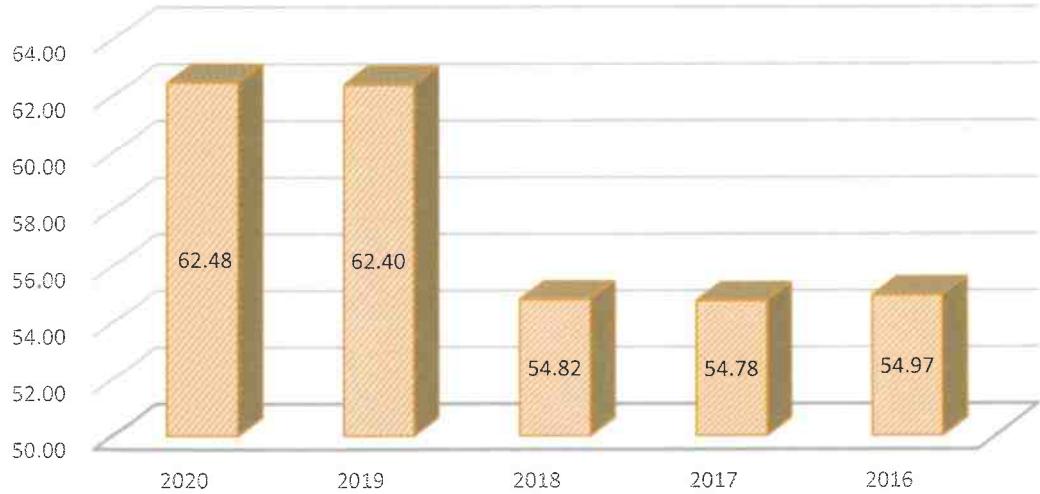
DIVIDEND PER SHARE (KSHS)



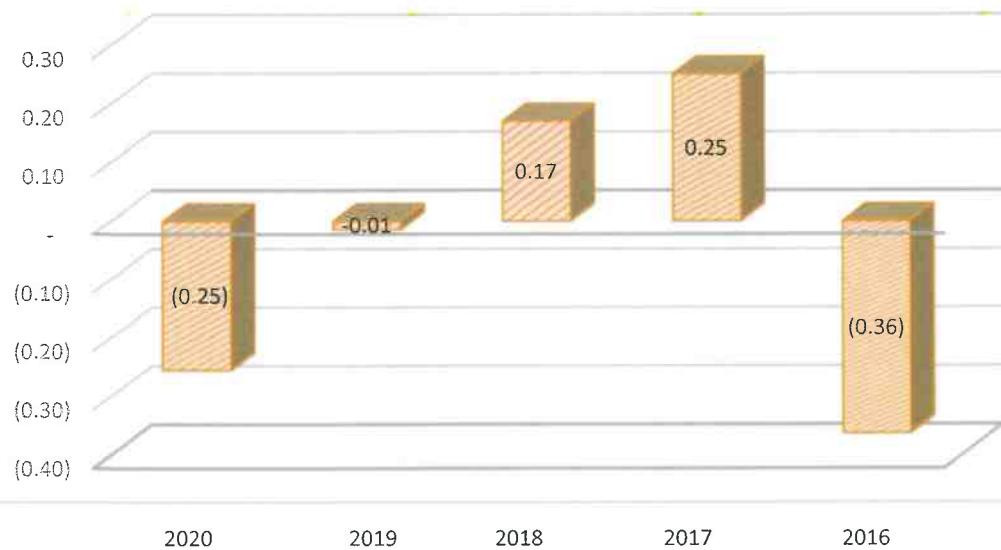
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GRAPHICAL HIGHLIGHTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

CAPITAL EMPLOYED PER SHARE

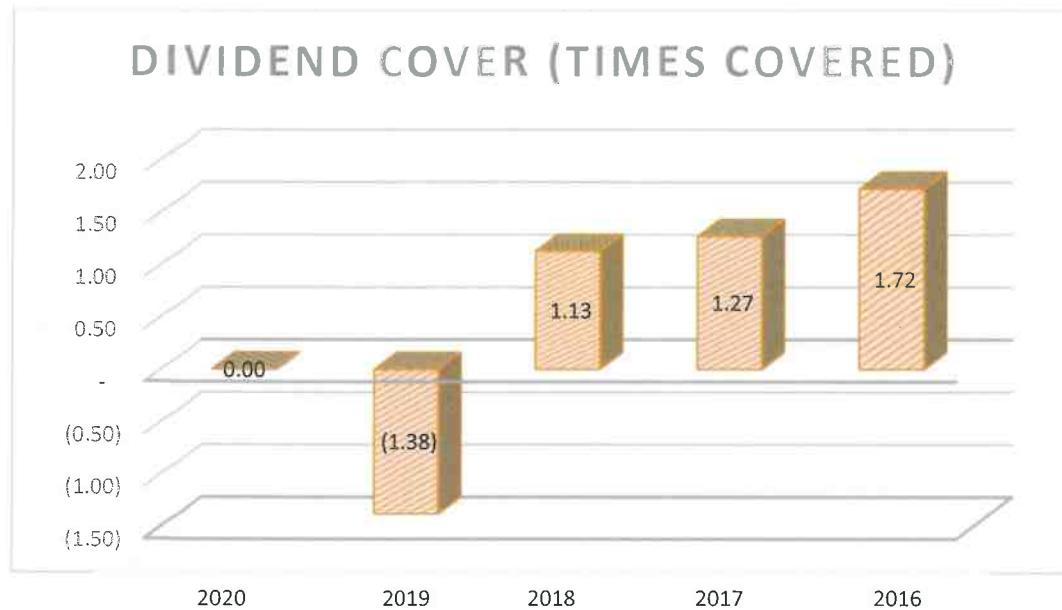


EARNINGS/(LOSS) PER SHARE ON BIOLOGICAL ASSETS (KSHS)



SASINI PLC

GRAPHICAL HIGHLIGHTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020



SASINI PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The directors have pleasure in submitting their annual report together with the audited consolidated and separate financial statements for the year ended 30 September 2020, which disclose the state of affairs of the Group and the Company.

1. Activities

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

2. Results

The results of the Group and Company for the year are set out on pages 60 and 61, respectively.

3. Dividends

The Directors do not recommend the payment of a dividend.

4. Equity and reserves

The authorized issued share capital and reserves of the Group and Company at 30 September 2020 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 2020.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 64, 65, 66 and 67.

5. Property, plant and equipment

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

6. Directors

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

7. Business review

Performance and position of the Group

The year began on a low note following the challenges experienced in the previous year and was made worse by the operational challenges occasioned by the effects of the COVID 19 pandemic, especially in the first half of the fiscal year. This subsequently improved later in the year with the coffee business registering improved prices despite low production due to weather related disruptions. The tea business saw improved production during the year but its results were dampened by the low-price realization mainly in the auction while the avocado business registered good harvest and improved demand. The macadamia business was however slowed to a halt mainly due to COVID 19 related market closures after the pandemic outbreak in the second quarter of the financial year. The initiation and complete roll out of mechanization in tea harvesting helped the company to tackle the ever-rising cost of production in our tea business. This contributed to the reduction in the administration expenses during the year by 13%. As a result, there was a turnaround in the second half of the year when our automation project in our tea business was fully rolled out.

SASINI PLC

REPORT OF THE DIRECTORS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Business review (Continued)

Performance and position of the Group (continued)

Despite the challenges, the year recorded a turnover of KShs. 4.14 billion compared to KShs. 2.79 billion in the previous year representing an increase of 48% in revenue. The cost of sales increased to KShs. 3.33 million against prior year's KShs. 2.36 billion (a corresponding increase of 41%). The benefits of mechanization coupled with a rigorous focus on cost containment helped us grow our cost of sales slower than our revenue, a desired result that we intend to carry forward with.

The Group therefore posted an overall profit after tax and non-controlling interest (including the changes in value of biological assets) of KShs 12.61 million (prior year KShs 337.74 million loss). This is made up of a profit from operating activities of Kes 74.25 million compared to a loss of KShs 314.19 million in the previous year for the group (124% improvement); Minority interest loss of KShs 3.66 million (prior year loss KShs 20.31 million). The loss from changes in the value of biological assets was KShs 57.98 million (prior year KShs 3.23 million).

The average tea price during the year did not reach the anticipated levels mainly due to a depressed auction market that was further negatively affected by effects of COVID 19 pandemic. This year tea prices achieved an average of \$1.67/Kg. (KShs. 175/Kg.) compared to \$1.62/Kg. (KShs. 165/Kg.) in the prior year.

The coffee prices averaged at \$4.46/Kg. (KShs. 467/Kg.) during the year compared prior year's \$3.07/Kg. (KShs. 308/Kg.), owing to favorable prices realized in the auction and direct sales driven by lower than anticipated volume of coffee in the market.

The company achieved the highest ever production of 12,445 tonnes made tea during the year against prior year's 9,318 tonnes. This is an increase of 33%. Although the Coffee prices were within expectation, the volume declined to 513 tonnes against prior year's 986 tonnes due to the continuous rainy conditions that persisted throughout the year.

Principal risks and uncertainties

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

During the financial year, the tea estates experienced frequent hail damages that led to reduced production volumes. On the Coffee side, the prolonged and high amounts of rainfall received disrupted the normal production cycle, hence affecting production. 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.

SASINI PLC

REPORT OF THE DIRECTORS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Business review (Continued)

Principal risks and uncertainties (continued)

The financial year experienced increased volumes of tea supplies at the Mombasa auction driving down the price realizations and this contributed heavily to margin erosion, despite achieving a higher production of tea. Local currency fluctuation also exposed the company to currency risks. Management responded to these shocks by driving more tea sales volumes through the private sales treaties at better margins, putting strong focus on green leaf quality and ensuring efficient operational cost management.

The Group's exposure to Credit risk and Liquidity risk remained low during the period as management implemented robust risk mitigation strategies such as timely and aggressive collection of debts, stopped supplying retail products to cash constrained retail stores and kept all funds with stable financial institutions that have good credit standing.

The directors review and agree on 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 program focuses on the unpredictability of financial markets and seeks to minimize 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 behavior, poor infrastructure, especially rural and trunk roads, land tenure issues and increasing labour costs arising from union demands. The Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group reputation with overall cost effectiveness but to avoid control procedures that restrict initiative and creativity.

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

- Requirements for the appropriate recruitment of competent personnel and the segregation of duties, including the independent authorization 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;
- Risk mitigation, including insurance where this is effective; and
- Continuous review of the processes for adequacy and effectiveness.

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 has built partnerships with our employees, clients, investors, suppliers and communities based on mutual respect, trust and fairness.

SASINI PLC

REPORT OF THE DIRECTORS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Business review (Continued)

Principal risks and uncertainties (continued)

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

Future outlook

The Group's diversification program remained on course and geared towards improving performance in the future. The avocado business maintained a steady and profitable performance in its 3rd year of full operation. Despite the effects of the Covid 19 on the macadamia business, the future is looking positive. In years going forward, these business unit are poised to be a central part and contributor to our operations and profits.

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

8. Donations

The Group did not make donations to any political entity during the year. (2019-Nil).

The Group did not make donations to any charitable organisations during the year. (2019-Nil).

9. Relevant audit information

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

- There is no relevant audit information of which the Company's auditor 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 auditor is aware of that information.

10. Substantial shareholdings

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

	Shareholding %	
	2020	2019
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.60
East Africa Batteries Limited	11.02	11.02
Gulamali Ismail	<u>7.92</u>	<u>8.80</u>
	<u>73.38</u>	<u>74.26</u>

SASINI PLC

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. Substantial shareholdings - continued

Directors' interests

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

Name of Director	2020 No. of shares	2019	
		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.

11. Employees

The Group maintained a good relationship with the employees during the year. The average number of staff employed by the Group and Company was as below:

	Group		Company	
	2020	2019	2020	2019
Management	156	166	95	97
Other staff	<u>2,364</u>	<u>3,718</u>	<u>463</u>	<u>579</u>
Total	<u>2,520</u>	<u>3,884</u>	<u>558</u>	<u>676</u>

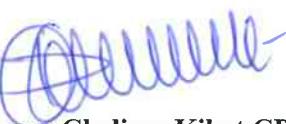
12. Auditor

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

13. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the directors held on 14 January 2021

BY ORDER OF THE BOARD


Lawrence Chelimo Kibet CPS-K
Company Secretary

Date: 14 January 2021

SASINI PLC

RIPOTI YA WAKURUGENZI **YA MWAKA UNAOISHIA TAREHE 30 SEPTEMBERA 2019**

Wakurugenzi wanafuraha katika kuwasilisha ripoti yao ya kila mwaka pamoja na taarifa za kifedha zilizokaguliwa za pamoja na kandokando za mwaka unaoishia 30 Septemba 2020 zinazoonyesha hali ya Kundi na Kampuni.

1. Shughuli

Shughuli kuu za Kampuni na kampuni zake tanzu ni ukuzaji, utengenezaji na uuzaji majani chai, kahawa, makadamia, usagaji kahawa wa kibiashara na uuzaji, shughuli za uongezeaji thamani wa bidhaa zinazohusiana, biashara ya misitu shughuli za maziwa na bidhaa zake, utengenezaji wa parachichi na ufugaji.

2. Matokeo

Matokeo ya Kundi na Kampuni ya mwaka yako katika ukurasa 60 na 61, mtawalia.

3. Mgao wa Faida

Kwa sababu ya mazingira ya kibiashara yasiotabirika, wakurugenzi hawapendekezi malipo ya mgao wa faida.

4. Rasilimali ya Hisa na Akiba

Rasilimali ya hisa na akiba za Kundi na Kampuni kufikia tarehe 30 Septemba 2020 na mambo yanayohusiana nazo yanaonyeshwa kwenye tanbihi 28 na 29 za taarifa za kifedha. Hakuna hisa wala stakabadhi za mkopo zilizotolewa katika mwaka ulioishia 30 Septemba 2020.

Maelezo kamili ya akiba za Kundi na Kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 64, 65, 66 na 67.

5. Mali, Mitambo na Vifaa

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

6. Wakurugenzi

Wakurugenzi waliohudumu katika mwaka huu na mpaka tarehe ya ripoti hii wameonyeshwa katika ukurasa wa 1.

SASINI PLC

RIPOTI YA WAKURUGENZI YA (KUENDELEZA) MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

7. Mapitio ya biashara

Utendaji na nafasi ya Kundi

Mwaka ulianza kwa matao ya chini kufuatia changamoto zilizopitiwa mwaka uliotangulia na ulifanywa kuwa mbaya zaidi na changamoto za uendeshaji kazi zilizotokana na athari za ugonjwa wa Covid 19 hasa katika nusu ya kwanza ya mwaka wa kifedha. Hili baadaye liliimarika katika mwaka na biashara ya kahawa kupata bei zilizoongezeka licha ya uzalishaji mdogo kutokana na vurugu zilizohusiana na hali ya hewa. Katika mwaka biashara ya majani chai ilipata ongezeko la uzalishaji lakini matokeo yake yalipunguzwa na upatikanaji wa bei za chini hasa katika mnada hali biashara ya parachichi ilipata mavuno mazuri na mahitaji yaliyoongezeka. Ijapokuwa biashara ya makadamia ilipungua kasi na kusimama kabisa hasa kutokana na kufungwa kwa masoko kutokana na mlipuko wa ugonjwa wa COVID 19 ulipoanza katika nusu ya pili ya mwaka wa kifedha. Uanzishaji na ukamilikaji wa uanzishi wa utumizi wa mashine zinazojiendesha katika uvunaji wa majani chai ulisaidia kampuni kukabiliana na gharama za uzalishaji zinazoongezeka daima katika biashara yetu ya majani chai. Hili lilichangia katika kupunguzika kwa gharama za usimamizi kwa asilimia 13 katika mwaka. Kwa sababu ya hili kulikuwa na mabadiliko katika nusu ya pili ya mwaka wakati mradi wa utumizi wa mashine za kujiendesha katika biashara yetu ya majani chai ulipoanzishwa.

Licha ya changamoto, mwaka ulipata mapato na matumizi ya bilioni Ksh. 4.14 ikilinganishwa na bilioni Ksh. 2.79 katika mwaka uliotangulia ikiwasilisha ongezeko la mapato la asilimia 48. Gharama ya mauzo iliongezeka kuwa bilioni Ksh. 3.33 dhidi ya bilioni Ksh. 2.36 mwaka uliopita (ongezeko likilinganishwa la asilimia 41). Faida za utumizi wa mashine pamoja na msisitizo thabiti wa kudhibiti gharama zilisaidia kukuza gharama zetu za mauzo polepole zaidi ya mapato yetu, tokeo linalopendelewa tunalodhamiria kuendelea nalo.

Kwa hivyo Kundi lilipata faida ya jumla baada ushuru na riba isiothibitika (ikijumlisha mabadiliko katika thamani ya rasilimali za kibiolojia) ya milioni Ksh. 12.61 (mwaka uliotangulia hasara ya milioni Ksh. 337.74). Hii imetokana na faida kutokana na shughuli za uendeshaji ya milioni Ksh. 74.25 ikilinganishwa na hasara ya milioni KSh. 314.19 kwa Kundi katika mwaka uliopita (uimarakaji wa asilimia 124); hasara ya riba ya walio wachache ya milioni Ksh 3.66 (hasara ya milioni Ksh. 20.31 katika mwaka uliopita). Hasara kutoka kwa mabadiliko katika thamani ya rasilimali ya kibiolojia ilikuwa milioni Ksh. 57.98 (milioni 3.23 mwaka uliotangulia).

Katika mwaka bei ya wastani ya majani chai haikufika viwango viliviyotarajiwa hasa kutokana na soko la mnada liliopunguka ambalo liliathiriwa vibaya zaidi na athari za ugonjwa wa COVID 19. Mwaka huu bei za majani chai zilipata wastani wa \$ 1.67 kwa kilo (Ksh. 175 kwa kilo) ikilinganishwa na \$ 1.62 kwa kilo (KShs 165 kwa kilo) katika mwaka uliopita.

Katika mwaka bei za kahawa zilikuwa na wastani wa \$ 4.46 kwa kilo (Ksh. 467 kwa kilo) ikilinganishwa na \$ 307 kwa kilo (Ksh. 308 kwa kilo), mwaka uliotangulia, kutokana na bei nzuri zilizopatikana katika mnada na mauzo ya moja kwa moja yaliyotokana na viwango vya chini zaidi ya viliviyotarajiwa vya kahawa katika soko.

Kampuni ilipata uzalishaji wa juu zaidi kabisa katika mwaka wa tani 12,445 za majani chai yaliyotengenezwa dhidi ya tani 9,318 mwaka uliopita. Hili ni ongezeko la asilimia 33. Ijapokuwa bei za kahawa zilikuwa kama ziliviyotajariwa, kiwango kilipungua kuwa tani 513 dhidi ya tani 986 mwaka uliotangulia kutokana na hali za mvua za kuendelea zilizokuwepo mwaka mzima.

SASINI PLC

RIPOTI YA WAKURUGENZI YA (KUENDELEZA) MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

7. Mapitio ya biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika

Shughuli za Kundi zinaliwacha wazi kwa hatari tofauti na kutokuwa na hakika. Hizi zinaweza kuorodheshwa kama hatari za kilimo, hatari za kifedha na hatari za utendaji kazi.

Hatari ya kilimo ni hatari ya hasara ya moja kwa moja au isiokuwa ya moja kwa moja inayotokana na hali mbaya za kilimo kama vile milipuko ya magonjwa, mafuriko, ukame na matukio mengine mabaya ya hali ya hewa yanayosababishwa na mabadiliko ya hali ya tabia nchi.

Katika mwaka wa kifedha, mashamba ya majani chai yalipata uharibifu wa mvua ya mawe mara kwa mara uliosababisha viwango vya uzalishaji uliopungua. Kwa upande wa kahawa, mvua ya muda mrefu na ya viwango vya juu iliopatikana ilivuruga duru ya uzalishaji wa kawaida, hivyo kuathiri uzalishaji.

Kundi limeanzisha mikakati ya kuzuia hatari ya kilimo ambayo inajumlisha kufanya anuwai bidhaa na njia za kilimo na kufuata desturi thabiti za kilimo.

Mchakato wa Kundi wa usimamizi wa hatari kuhusiana na hatari ya kilimo unalenga kutarajia kuepuka na/au kushughulikia mabaya yanayotokana na hali mbaya za kilimo. Lengo la Kundi ni kupata mfumo fanisi wa usimamizi wa hatari ya kilimo unaohifadhi thamani ya mazao ya kilimo, unaoimarisha uwezekano wa biashara za shamba na unaohakikisha mazingira yanayosaidia na kuhimili uekezaji wa kuendelea katika sekta ya ukulima.

Vifaa vikuu vya kifedha vya Kundi vinavyotokana na shughuli vikijumuisha pesa na visawe vya pesa, vitega uchumi, vinavyopokelewa, mikopo ya benki, na vinavyolipwa vinaliacha katika hatari tofauti za kifedha. Hatari hizi ni pamoja na hatari za soko (pamoja na hatari ya soko la ubadilishaji fedha za kigeni, hatari ya kiwango cha riba na hatari ya bei), hatari ya mkopo na hatari ya kuwa na uwezo wa kupata pesa.

Mwaka wa kifedha ulipata viwango vilioongezeka vya ugavi wa majani chai katika mnada wa Mombasa vikipeleke kushuka kwa bei zilizopatikana na hili lilichangia pakubwa kufilisi faida, licha ya kupata uzalishaji mkubwa wa majani chai. Kupanda na kushuka kwa pesa za nchini pia kuliachachia kampuni wazi kwa hatari za kifedha. Usimamizi ulishughulikia mabaya haya kwa kusukuma mauzo ya viwango zaidi vya majani chai kuitia mikataba ya mauzo ya kibinasi kwa faida nzuri zaidi, kuweka mkazo zaidi kwenye ubora wa majani ya kijani na kuhakikisha usimamizi wa kufaa wa gharama za utendaji kazi.

Uwachaji wazi wa Kundi kwa hatari za mkopo na hatari za kupanda na kushuka kwa fedha kulibakia chini wakati wa kipindi hiki kwa vile usimamizi ulitekeleza mikakati imara ya kudhibiti hatari kama vile ukusanyaji wa bidii wa madeni, kuwacha kuwapatia bidhaa rejareja maduka rejareja yenyе shida za kifedha na kuweka pesa zote katika taasisi madhubuti za kifedha zilizo na msimamo mzuri wa mikopo.

Wakurugenzi wanapitia na kukubaliana kuhusu sera za kusimamia hatari hizi. Halmashauri ya wakurugenzi ina wajibu wa jumla wa kuanzisha na uangalizi wa mhimili wa usimamizi wa hatari wa Kundi. Mpango wa jumla wa usimamizi wa hatari wa Kundi unalenga kwenye kutotabirika kwa masoko ya kifedha na unatafuta kupunguza athari zozote mbaya zinazoweza kutokea katika utendaji wake wa kifedha (tanbihi 5).

SASINI PLC

RIPOTI YA WAKURUGENZI YA (KUENDELEZA) MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

7. Mapitio ya biashara (Kuendeleza)

Hatari kuu na kutokuwa na hakika - kuendeleza

Hatari ya utendaji kazi ni hatari ya hasara ya moja kwa moja au isiokuwa ya moja kwa moja inayotokana na sababu nyingi tofauti zinazohusishwa na michakato ya Kundi , wafanyakazi , teknolojia na muundo msingi , na kutoka kwa vipengele vya nje kama vile vinavyotokana na mahitaji ya kisheria na ya kikanuni na kwa kawaida viwango vinavyokubaliwa vya tabia ya shirika , muundo msingi mbaya, hasa barabara za vijijini na barabara kuu, maswala ya masharti ya kumiliki ardhi na gharama zinazoongezeka za wafanyakazi zinazotokana na madai ya vyama vya wafanyakazi. Lengo la Kundi ni kusimamia hatari za utendaji kazi ili kusawazisha uepukaji wa hasara za kifedha na madhara kwa sifa njema ya Kundi kwa ufaaji wa jumla wa gharama lakini kuepuka njia za udhibiti zinazozua uwezo na ubunifu.

Usimamizi unapatiwa wajibu mkuu wa kuendeleza na kutekeleza vidhibiti kushughulikia athari za utendaji kazi. Jukumu hili linasaidiwa na maendeleo ya viwango vya jumla vya Kundi kwa usimamizi wa hatari za ufanyaji kazi katika maeneo yafuatayo:

- Mahitaji ya uandikaji kazi wafanyi kazi wenye uwezo na utengaji wa majukumu, pamoja na idhini huru ya kuendesha shughuli ;
- Mahitaji ya upatanishi na usimamizi wa shughuli ;
- Utimizaji wa mahitaji ya kikanuni na mengine ya kisheria ;
- Uhifadhi wa hati za udhibiti na njia ;
- Mahitaji ya ukadiriaji wa muda wa hatari za utendaji kazi zinazokabiliwa, na utoshelezaji wa vidhibiti na njia za kushughulikia hatari zilizotambuliwa;
- Mahitaji ya kuripoti hasara za utendaji kazi na tendo la kurekebisha linalopendekezwa;
- Maendeleo ya mipango ya dharura ;
- Mafunzo na maendeleo ya weledi ;
- Utibuaji wa hatari pamoja na bima inapofaa na ;
- Mapitio ya kuendelea ya michakato kwa utoshelezi na ufaaji.

Kuhusu hatari za mazingira na uendelevu wa kijamii, Kundi limejitolea kwa uendelevu na kutenda kwa njia ya uwajibikaji kusaidia uzima wa mfanyakazi, kupunguza athari yetu kwenye mazingira na kuisaidia jamii pana. Kundi limejenga ubia uliojengwa kwenye kuheshimiana, uaminifu na usawa na wafanyakazi wetu, wateja, waekezaji, wagavi na jamii.

Kundi linaendelea kutunza mazingira ya karibu vizuri kwa kupanda miti kwenye ardhi yote iliyopo. Pia ulimaji unafanywa kwa kiwango kidogo kuhakikisha kuhifadhi udongo wa juu. Tumethibitishwa na Rain Forest Alliance. Wafanyakazi wanatizamwa vizuri na makazi safi na ya afya kutolewa na kampuni, maji ya bomba katika vijiji vyote na vituo vya utunzi wa watoto wachanga mchana na shule kwa watoto wakubwa. Kundi limeanzisha shule nne za msingi na moja ya upili katika majengo yao. Tunahakikisha ufuataji kamili wa mikataba yote ya maafikiano ya pamoja na sheria za nchini.

Mtazamo wa Usoni

Mpango wa ufanyaji wa bidhaa tofauti wa Kundi ulibakia ukifuatwa na ulilenga katika kuimarisha utendaji katika siku za usoni. Katika mwaka wake wa tatu wa shughuli kamili biashara ya parachichi ilikuwa na utendaji thabiti na wa faida. Licha ya athari za COVID 19 kwenye biashara ya makadamia siku za usoni zinaonekana chanya. Katika miaka ya kwenda mbele, vitengo hivi vya biashara viko tayari kuwa sehemu kuu na mchangizi katika shughuli na faida zetu.

SASINI PLC

RIPOTI YA WAKURUGENZI YA (KUENDELEZA) MWAKA UNAOISHIA TAREHE 30 SEPTEMBER 2020

7. Mapitio ya biashara (Kuendeleza)

Mtazamo wa Usoni - kuendeleza

Kutokana na ufaulu wa utumizi wa mashine katika majani chai na biashara ya parachichi usimamizi kila mara unatafuta mielekeo na mawazo mapya katika jitihada za kufaa katika mazingira ya biashara inayobadilika na pia kupanua na kuongeza thamani ya mwanahisa. Msisitizo kwenye ubora pamoja na idadi na ikisistizwa na uendelevu inabakia juu katika ajenda ya utendaji

8. Utoaji msaada

Kundi halikutoa msaada kwa chombo chochote cha kisiasa katika mwaka.

Katika mwaka msaada wa KShs. kapa (2019 - KShs. kapa) ultolewa kwa mashirika ya kutoa msaada.

9. Habari husika za ukaguzi

Wakurugenzi waliopo afisini katika tarehe ya ripoti hii wanathibitisha kuwa:

- Hakuna habari zozote husika za ukaguzi ambazo kwamba wakaguzi wa Kampuni hawajazifahamu; na
- Kila mkurugenzi amechukua hatua zote ambazo kwamba angefaa kuchukua kama mkurugenzi ili kwamba afahamu habari zozote husika za ukaguzi na kuhakikisha kuwa wakaguzi wa Kampuni wanafahamu habari hizo.

10. Umilikaji wa hisa nyingi

Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki asilimia tano au zaidi ya rasilimali ya hisa zilizotolewa za kampuni:

	Umlilikaji wa hisa %	2020	2019
Legend Investments Limited	41.84	41.84	
Yana Towers Limited	12.60	12.60	
East African Batteries Limited	11.02	11.02	
Gulamali Ismail	7.92	8.80	

Ushirika wa Wakurugenzi

Ushirika wa moja kwa moja wa wakurugenzi katika hisa za kampuni ni kama ufuatao:

	Jina la Mkurugenzi	2020	2019
	Idadi ya hisa	Idadi ya hisa	
Bw. A.H. Butt	30,300	30,300	
Bw. S. N. Merali	45,900	45,900	

Baadhi ya wakurugenzi wana ushirika usiokuwa wa moja kwa moja kupitia vyombo.

SASINI PLC

RIPOTI YA WAKURUGENZI YA (KUENDELEZA) **MWAKA UNAOISHIA TAREHE 30 SEPTEMBA 2020**

11. Wafanyikazi

Katika mwaka kundi lilikuwa na uhusiano mzuri na wafanyikazi, idadi wastani ya wafanyikazi walioandikwa na Kundi na Kampuni ni kama iliopo hapa chini:

	Kundi		Kampuni	
	2020	2019	2020	2019
Usimamizi	156	166	95	97
Wafanyikazi wengine	<u>2,364</u>	<u>3,718</u>	<u>463</u>	<u>579</u>
Jumla	<u>2,520</u>	<u>3,884</u>	<u>558</u>	<u>676</u>

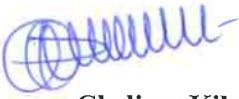
12. Mkaguzi

Mkaguzi, KPMG Kenya, anastahiki na hapa anajitolea kuandikwa tena kulingana na mahitaji ya Sheria ya Makampuni ya Kenya, 2015.

13. Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha zilikubaliwa na kuidhinishwa kutolewa katika mkutano wa wakurugenzi uliofanyika tarehe 14 Januari 2021.

KWA AMRI YA HALMASHAURI



Lawrence Chelemo Kibet CPS-K
Katibu wa Kampuni

Tarehe: 14 Januari 2021

SASINI PLC

DIRECTORS REMUNERATION REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

INFORMATION NOT SUBJECT TO AUDIT

Information not subject to audit comprise the following with respect to directors:

- Policy on Directors' remuneration
- Contract of service
- Statement of voting at general meeting on Directors' remuneration
- Any substantial changes to Directors' remuneration during the year

Policy on Directors' remuneration

The remuneration report details the remuneration arrangements for Sasini PLC directors who served during the year ended 30 September 2020. 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, Bsc, MSc	Non-executive Director
Dr. S. O. Mainda, PhD, MA, ACII, EBS	Non-executive Director
Betty Koech, MBA, BCom	Non-executive Director
Rosemary Munyiri, MSc, BCom, CPA (Kenya), CISA	Non-executive Director
M. R. Ochieng, MBA, Bsc	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 committees.

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.

SASINI PLC

DIRECTORS REMUNERATION REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Remuneration Policy for the Executive Director

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

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

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

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

Substantial changes to Directors' remuneration

There were no substantial changes relating to the Directors' remuneration made during the year (2019: None).

Contract of service – Executive directors

Name	Date of contract	Unexpired term	Notice period	Amount payable for early termination/retirement
M.R. Ochieng'	1 March 2019	5 months	3 months	Salary in lieu of notice period

Statement of voting at general meeting on directors' remuneration

In the last AGM held on 6 March 2020, the shareholders unanimously passed a resolution to approve the Directors' remuneration report and the directors' remuneration policy.

INFORMATION SUBJECT TO AUDIT (AUDITABLE PART)

Information subject to audit comprise the amounts of each Directors' emoluments and compensation in the relevant years. Directors' remuneration paid during the year.

Non-executive directors

	2020			2019		
	Sitting		Total	Sitting		Total
	Fees KShs'000	allowance KShs'000		KShs'000	Fees KShs'000	
Dr. J.B. McFie*	1,200	205	1,405	1,200	250	1,450
Dr. N. N. Merali	1,000	100	1,100	1,000	100	1,100
A.H. Butt	1,000	320	1,320	1,000	295	1,295
S.N. Merali	1,000	145	1,145	1,000	175	1,175
Dr. S.O. Mainda	1,000	120	1,120	1,000	175	1,175
Mrs. Betty Koech	1,000	140	1,140	1,000	175	1,175
Mrs. RosemaryMunyiri	1,000	120	1,120	1,000	175	1,175
Total	7,200	1,150	8,350	7,200	1,345	8,545

All fees and sitting allowances were paid during the year, consequently there were no outstanding amounts payable.

*These fees were paid to educational charities on behalf of the Director.

SASINI PLC

DIRECTORS REMUNERATION REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Directors' remuneration paid during the year (Continued)

Executive directors

2020:	Basic pay KShs'000	Gratuity/ pension KShs'000	Non-cash benefits KShs'000	Total KShs'000	Amounts paid KShs'000
M. R. Ochieng'	24,202	-	1,841	26,043	26,043
<hr/>					
2019:	Basic pay KShs'000	Gratuity/ pension KShs'000	Non-cash benefits KShs'000	Total KShs'000	Amounts paid KShs'000
M. R. Ochieng'	15,401	-	1,597	16,998	16,988
S. M. Githiga	10,281	406	1,089	11,776	11,776
Total	25,682	406	2,686	28,774	28,774

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

Approval of the directors' remuneration report

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

BY ORDER OF THE BOARD



Director

Date: 14 January 2021

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Corporate Governance Statement

Our statement of compliance summarizes how the Group has implemented the principles and provisions of the Capital Markets Authority (CMA) Corporate Governance Code. The Board considers that the Group has complied in all material respects with the Code for the year ended 30 September 2020.

A clear vision of purpose and strategy, aligned with an inclusive culture with the following highlights:

2020 highlights

- Successful mechanization of tea picking
- Created framework for greater employee and stakeholder engagement
- Strengthened controls to increase resilience
- Resilience from Covid 19
- Stellar performance for Avocado business

2021 priorities

- Setting strategic direction and vision over the next 3 – 5 years for long-term sustainable success
- Focus on contribution to wider society and development of an inclusive and positive corporate culture embedding policies that support our core values and are aligned with strategic priorities
- Maintaining resilience while pursuing new opportunities
- Completion of Avodao Park house

“Our aim is to create strong foundations for sustainable future success, delivering value for our employees, shareholders and wider society.”

Dear Shareholder,

I am pleased to introduce our Corporate Governance Statement, which explains how the Group's governance framework supports the principles of integrity, strong ethical values and professionalism integral to our business. The Board recognizes that we are accountable to shareholders for good corporate governance, and this report, together with the other, seeks to demonstrate our commitment to high standards of governance that are recognized and understood by all.

Leadership, governance and purpose

Good governance depends on good and effective leadership and a healthy corporate culture, supported by robust systems and processes and a good understanding of risk and risk appetite. We aim to stay abreast of developments in good governance and practice, and have well-developed plans to ensure that we will meet international standards of Corporate Governance. This includes making sure our purpose, vision and values are clearly articulated, and that we have in place effective channels of engagement with our workforce, shareholders and stakeholders. The Board is involved in setting measurable objectives to promote a healthy corporate culture that is aligned with strategy and delivers on our commitment to the principles of sustainability and trust that are the hallmark of our business. The reports of our Board Committees show how our policies and processes have been applied and developed during the year in a way that remains consistent with our values and strategy, focusing on engagement, operational improvement, and reward and incentive structures, ensuring progress can be measured and monitored appropriately and promoting a business that is resilient, responsible and alive to opportunity.

SASINI PLC

CORPORATE GOVERNANCE (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.

SASINI PLC

CORPORATE GOVERNANCE (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

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

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

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

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

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 Group Managing Director is supported by his Executive team which meets weekly to plan the execution of the Group strategy.

2. Access to information and independent professional advice

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

Board meetings

The Board meets on such number of occasions each year as the Board deems appropriate or as frequently as may otherwise be required to deal with urgent matters, which might arise between the scheduled meetings. For details of the current Directors, their qualifications, skills and experience, refer to the Directors' section on pages 3 to 5. For details of Directors' attendance at Board and Committee Meetings for the year ended 30 September 2020, refer to Directors' Meetings on page 48 and 49.

SASINI PLC

CORPORATE GOVERNANCE (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Appointment and re-election of Directors

The composition, structure and proceedings of the Board are primarily governed by the Constitution and the laws governing corporations in jurisdictions where Sasini PLC operates. It is intended that the Board will comprise a majority of independent Non-Executive Directors. It is intended that the Board comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds that is appropriate to Sasini Group and its strategy. When appointing new Directors, the Board, together with the 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 Group's policy is that no employee or job applicant will be treated less favourably on the grounds of race, colour, nationality, ethnic or national origin, gender (including gender reassignment), pregnancy, marital or civil partner status, sexual orientation, religious belief, age or disability, or on any other grounds which cannot be justified on job related terms. These policy principles are supported by our Code of Conduct. The Board is committed to achieving diversity in its widest sense. We ensure that briefs to external recruitment agencies and search consultants are aimed at improving diversity ratios and balance both at Board and senior management level and more widely within the business, while also reflecting the changing strategic needs of the Group. The Board will continue to support positively opportunities for talented individuals regardless of gender, ethnicity, age or social background. The board is engaged with the initiatives within the business in this area, while recognizing the need for more work to achieve true gender balance and greater diversity.

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

6. Performance review of the Board and senior executives

The Governance, Nomination and Remuneration Committee is responsible for establishing the processes for reviewing the performance of the Board, the Board's Committees and individual Directors. The Board, Governance, Nomination and Remuneration Committee, Risk and Audit Committee and ICT, Strategy and Finance Committee, periodically self-assess their performance against a range of set criteria developed annually by the Governance, Nomination and Remuneration Committee. The Governance, Nomination and Remuneration Committee has considered and reviewed the performance of the Board, individual Directors, the Board Committees and senior executives during the year ended 30 September 2020. A peer review has been undertaken for each Director seeking re-election at the AGM to enable the Board to recommend that Shareholders elect that Director at the AGM.

7. Performance review of Executive Management

The Governance, Nomination and Remuneration Committee is responsible for reviewing and recommending remuneration arrangements for the 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.

8. The Board is structured to add value

Board Committees

(a) Governance, Nomination and Remuneration Committee

The role and responsibilities of the Committee are to:

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

(b) Risk and audit committee

The role and responsibilities of the Committee are to:

- Oversee, review and supervise Sasini Group's risk management framework and promote a risk management culture;
- Assist the Board in discharging its responsibilities relative to the financial reporting process, the system of internal controls relating to all matters affecting Sasini Group's financial performance and the audit process;
- Assist the Board in monitoring compliance with laws and regulations and Sasini Group's Code of Conduct and Ethics;

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

(b) Risk and audit committee (continued)

- 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 2020.

(c) ICT, Strategy and Finance Committee

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

- Reviewing key technology changes, innovations and trends in the marketplace and their potential for application within Sasini Group, including advising Sasini Group through industry meetings with experts and education visits to key technology partners, industries and regions;
- Reviewing and recommending to the Board management strategies relating to Sasini Group's Technology Strategy and their alignment with Sasini Group's overall strategy and objectives;
- Reviewing and monitoring Management's strategies and innovation framework for developing or implementing new technologies and systems; advising the Board in relation to Sasini Group's IT operations for the purpose of enhancing the Board's understanding of the use of technology as an enabler and a risk for Sasini Group;
- Reviewing and recommending to the Board major new technology projects and investments;

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

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

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

Board Skills Matrix

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

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

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

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

Board Skills Matrix (continued)

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

Induction and education

The Governance, Nomination and Remuneration 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 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.

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

(b) Securities Trading Policy

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.

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.

SASINI PLC

CORPORATE GOVERNANCE **FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

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 accordance with the Risk Management Policy;
- Review any material or significant incident involving any break down of Sasini Group's risk management framework in accordance with the Risk Management Policy;
- Review the Sasini Group's insurance program having regard to Sasini Group's business and the insurable risks associated with its business and inform the Board regarding the same; and
- Review whether Sasini Group has any material exposure to any economic, environmental and social sustainability risks and if so, develop strategies to manage such risks to present to the Board.

Internal audit

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

12. Economic, environmental and social sustainability risks

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

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

SASINI PLC

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

12. Economic, environmental and social sustainability risks (Continued)

Board and Board Committees Attendance

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to the Company to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the reporting year, the Board met four (4) times. Members of the Executive Leadership Team and other members of senior management attended meetings of the Board by invitation. Attendance at Board and standing Board committee meetings during financial year 2019/2020 is set out in the table below:

Full Board

MEMBER/IN ATTENDANCE	December 2019	February 2020	April 2020	August 2020
Dr. James McFie	✓	✓	✓	✓
Dr. Naushad Merali	✓	✓	✓	✓
Dr. Steve Mainda	✓	X	✓	✓
Mrs. Betty Koech	X	✓	✓	✓
Mr. Akif Butt	✓	✓	✓	✓
Mrs. Rosemary Munyiri	✓	X	✓	✓
Mr. Sameer Merali	✓	✓	✓	✓
Mr. Martin R. Ochieng'	✓	✓	✓	✓
Mr. Lawrence Kibet	✓	✓	✓	✓

ICT, Strategy and Finance Committee

MEMBER/IN ATTENDANCE	December 2019	February 2020	April 2020	August 2020
Dr. Naushad Merali	✓	✓	✓	✓
Mr. Akif Butt	✓	✓	✓	✓
Mr. Sameer Merali	✓	✓	✓	✓
Mr. Martin R. Ochieng'	✓	✓	✓	✓
Mr. Lawrence Kibet	✓	✓	✓	✓

Risk and Audit Committee

MEMBER/IN ATTENDANCE	December 2019	February 2020	April 2020	August 2020
Mrs. Betty Koech	✓	✓	✓	✓
Dr. James McFie	✓	✓	✓	✓
Mrs. Rosemary Munyiri	✓	✓	✓	✓
Mr. Sameer Merali	✓	X	✓	✓
Mr. Martin R. Ochieng'	✓	✓	✓	✓
Mr. Lawrence Kibet	✓	✓	✓	✓

SASINI PLC

CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

12. Economic, environmental and social sustainability risks (Continued)

Governance, Nomination and Remuneration Committee

MEMBER/IN ATTENDANCE	December 2019	February 2020	April 2020	August 2020
Dr. Steve Mainda	✓	✓	✓	✓
Dr. James McFie	✓	✓	✓	X
Mr. Akif Butt	✓	✓	✓	✓
Mr. Martin R. Ochieng'	✓	✓	✓	✓
Mr. Lawrence Kibet	✓	✓	✓	✓

✓ - In attendance

X - Absent (or absent with apology)

Top ten shareholders at 30 September 2020

The ten largest shareholders of the Company as at 30 September 2020 were as follows:

No	Names	Address	Shares	Percentage
1	Legend Investments Limited	PO Box 55358 - 00200 Nairobi	95,417,345	41.84%
2	Yana Towers Limited	PO Box 55358 - 00200 Nairobi	28,725,240	12.60%
3	East Africa Batteries Limited	PO Box 55358 - 00200 Nairobi	25,135,700	11.02%
4	Ismail, Gulamali	PO Box 90626 - 80100 Mombasa	18,063,100	7.92%
5	Gidjoy Investments Limited	PO Box 1051 - 00200 Nairobi	9,900,800	4.34%
6	Tropical Veterinary Services Limited	PO Box 87496 - 80100 Mombasa	8,071,700	3.54%
7	Morjaria, Shardaben Vithaldas	PO Box 49863 - Nairobi	4,587,841	2.01%
8	Jamal, Karim	PO Box 445 - 00600 Nairobi	2,111,780	0.93%
9	Joseph, Schwartzman	PO Box 30118 - 00100 Nairobi	1,972,100	0.86%
10	Steluc Limited	PO Box 10087 - 00100 Nairobi	1,500,000	0.66%
11	Others	-	32,569,894	14.28%
Grand Totals:			228,055,500	100.00%

SASINI PLC

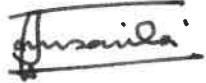
CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

Distribution of shareholders

	Range	Records	Shares	Percentage
1	Less than 500	3,840	815,736	.36%
2	501 to 1000	1,139	952,676	.42%
3	1001 to 5000	1,277	3,061,637	1.34%
4	5001 to 10000	261	1,914,876	.84%
5	10001 to 50000	298	6,726,061	2.95%
6	50001 to 100000	53	3,554,993	1.56%
7	100001 to 500000	47	9,052,885	3.97%
8	500001 to 1000000	7	5,141,030	2.25%
9	1000001 to 2000000000	11	196,835,606	86.31%
		6,933	228,055,500	100.00%



Dr. J.B. McFie, PhD
Chairman



Mr. Martin R. Ochieng'
Group Managing Director

Date: 14 January 2021

SASINI PLC

SUSTAINABILITY STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Sasini PLC acknowledges that its sustained business success is dependent on nesting the business harmoniously with the society in the environment it operates in. Sustainable business envisages social and environmental dimensions engaging and interacting with business economic development and growth in a symbiotic ecosystem. In order to grow a sustainable business, social, environmental and financial demands need to be managed prudently. We accordingly recognize the importance and increasing priority of driving sustainability as one of the key pillars of our business strategy. It is our intention to premise our approach going forward on three very critical principles of the Planet, People and Profits for Prosperity. During our last strategic review of the business in 2020, we decided to underpin our business future on being sustainable and as a result, chose to drive more alignment with the global sustainable development goals (SDGs) going ahead. To this end, we have chosen 9 SDGs that we feel we can strongly drive to help contribute to our aim of being an industry leader and a strong voice for sustainability. These will be:

- SDG Goal Number 1: No poverty
- SDG Goal Number 3: Good health and well-being
- SDG Goal Number 4: Quality education
- SDG Goal Number 5: Gender equality
- SDG Goal Number 7: Affordable and clean energy
- SDG Goal Number 8: Decent work and economic growth
- SDG Goal Number 9: Industry, innovation and infrastructure
- SDG Goal Number 12: Responsible consumption and production
- SDG Goal Number 15: Life on land

In making these choices on what to focus on, we recognise that all the 17 SDGs as outlined for global corporates are crucial for our generation to leave this world a better place than we found it and by no means make these choices to mean we will not focus on the other SDGs where applicable. We intend to do that but will focus greatly on these 9 to help shape the future of not only our business, the societies we live and work in but of the whole globe.

Our choices are simplistic in their nature to help drive alignment with already set goals from the United Nations Global Compact, the world's biggest corporate sustainability initiative launched in the year 2000 by the then UN Secretary General, Mr. Kofi Annan. This initiative worked and settled on the 17 SDGs to help corporates like Sasini be influential in making a difference in the world. These initiatives are further organized in 10 basic principles that we will fully be committed to themed into 4 key areas. These are:

Human Rights:

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour:

Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining.

Principle 4: The elimination of all forms of forced and compulsory labour.

Principle 5: The effective abolition of child labour.

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment:

Principle 7: Business should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption:

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

It is our intention to uphold all these principles in the 4 thematic areas to help us not only enhance a culture and practice of integrity, but to commit to people and the planet as well while driving our profit goals.

SASINI PLC

SUSTAINABILITY STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

We feel that at Sasini PLC, our value systems are completely aligned to our desire to drive these goals and so we make this commitment with a deep desire to be an excellent corporate citizen.

All business enterprises utilize the planet's resources to make economic gains or profits. Whether it is the manufacturing processes using raw materials for consumer products, needs and consumption of energy, needs and utilization of water, plant husbandry and the attendant processes; all these are sourced from the surface of the earth.

At Sasini PLC, we have adopted responsible production and consumption methodologies that ensure we preserve the earth by preserving natural resources and preventing extinction of flora and fauna. At all our tea, coffee, avocado, macadamia and dairy operations, we employ farming mechanisms that ensure we minimize harmful effects to the environment.

As prudent stewards of the environment, we have secured all the riparian areas and ravines in all our properties. We recycle/manage factory wastewaters by filtrations through man made lagoons and the resultant clean water is channeled to our farms. To buttress our water requirements, we harvest rainwater which is then drained into underground reservoirs and dams/pans for use in farms. This lessens our requirement for water from rivers and streams. Where it is not feasible to recycle factory waste discharge and effluents, the disposal thereof is managed through protocols dictated by the National Environment Management Authority (NEMA).

We maintain our own forests of indigenous trees at all our farms/estates. These forests have trees that total to over 1.5 million in number across our estates which are managed under prudent reforestation programs whenever we use the resources from these forests for our business needs. Besides, the forests offer a rich habitat for various species of flora and fauna and therefor support life on land. Our business by its very nature of growing tea and coffee bushes, avocado and macadamia trees on thousands of hectares across the country, ensures that we contribute to the environmental well-being of our nation. It is our intention to continue doing that with even more vigor.

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

However, we intend to set a goal to walk away from reliance on trees for wood fuel for our operations, while also strongly looking at the option of converting the energy source for most of our industrial facilities and domestic quarters from hydro electricity derived from the national grid to captive solar power. We intend to start that process of energy source conversion in the latter part of 2021.

In our view, Sasini's social sustainability is about understanding the human needs and seeking to address the impact our business has on the societies we live and work in. We do realise the impact our business has on our workers and society in general and we will continue our work in driving and committing to accountability for human rights, good health and safety, community engagement, work-life-balance, social investment/philanthropy, diversity, inclusion and equality.

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

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

SASINI PLC

SUSTAINABILITY STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

We are acutely alive to the fact that by applying a socially sustainable strategy, the wellbeing of our workers and society, particularly the host communities, is optimized. This ensures a healthy and happy workforce across the establishment, comfortable and peaceable communities which guarantee business economic growth and prospects.

As a business enterprise we value a strong and diverse workforce. As such we are committed to promoting a corporate culture that embraces diversity and inclusion. We make it our aim to always respect people, respect and support human rights, civil liberties and strive to create a conducive environment that empowers people to grow and thrive irrespective of their gender, chosen orientation, social status, nationality, ethnic leaning, race, religion, age, or any other personal quality or ground.

Our focus on gender diversity and inclusion as well as accommodating people living with disabilities in order to achieve parity in all our spheres of operation will see us in the next few years drive a deliberate and intentional approach to seek and employ people living with disabilities, females and candidates from a diverse background to help entrench this culture in the organisation. We aim to grow operational proficiencies and achieve excellence by attracting, training, re-training, re-skilling, retaining and growing the diverse talents we get to their full potential.

We continue to provide all our workforce with safe working areas, meals on station and medical care and facilities for their health and well-being. We have occupational health and safety procedures and ergonomics at all our stations. We aspire to maintain a zero-fatality rate by ensuring all employees in the plantations and factories are working in safe environments and are provided with suitable personal protective equipment. In pursuance, the Group maintains a well-equipped Medical Centre with in-patient and outpatient treatment options within the tea operations. It also maintains three satellite dispensaries with well-trained medical personnel and a diagnostic laboratory. The facilities also have ambulances on standby in case critical cases need to be transported to larger health facilities. These facilities cater for both the company employees and local community residents.

To remain sustainable, businesses strive to make profits. In doing this, it is Sasini PLC's intention to continue operating in a compliant manner guided by the governance structures we adhere to in order to ensure excellent compliance and stringent risk management. Our governance framework supports the principles of integrity, strong ethical values and professionalism integral to our business success. We recognize that we are accountable to our shareholders and stakeholders for good corporate governance and as such we seek to demonstrate our commitment to high standards of governance that are recognized and understood by all. Good governance depends on good and effective leadership and a healthy corporate culture, supported by robust systems and processes and a good understanding of risk and risk appetite.

We aim to stay abreast of developments in good governance and practice and have well-developed plans to ensure that we continue meeting international standards of excellent corporate governance. This includes making sure our purpose, vision and values are clearly articulated, and that we have in place effective channels of engagement with our workforce, shareholders, stakeholders and our regulators. Our company has set measurable objectives to promote a healthy corporate culture that is aligned with strategy and delivers on our commitment to the principles of sustainability and trust that are the hallmark of our business. We will continue to develop and apply policies that remain consistent with our values and strategy, focusing on engagement, operational improvement, reward and incentive structures, ensuring progress can be measured and monitored appropriately and promoting a business that is resilient, responsible and alive to opportunity.

Besides compliance with all statutory requirements, our company has a continuous disclosure policy to ensure compliance with the explicit statutory requirements and the spirit and intent of its disclosure obligations under the requirements of the regulatory authorities. This policy also ensures that shareholders, stakeholders and the public are kept informed of all major developments affecting the state of affairs of the company.

SASINI PLC

SUSTAINABILITY STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

In this nature dictated dispensation, the environment is principal to the society and economy. The latter two cannot thrive and prosper without suitable, prosperous and healthy surroundings. Beyond the environment, economic growth and prosperity is then driven by production and the exchange of goods and services. We are cognizant of the fact that this exchange and its sustainability is determined by society that makes up the workforce and community which provide the consumer base. Economic growth, success and prosperity cannot be sustained with a weak, poverty-stricken, despondent and unstable society. A thriving economy is definitely reliant on a healthy society and conducive environment.

As part of our commitment to the global sustainability goals, we are a signatory member of the United Nations Global Compact Kenya (UNGCK). We have in the year 2020 kicked off our gender balance at the workplace drive through endorsement of the Women Empowerment Policies (WEP) and participation in the Target Gender Equality Program managed by UN Global Compact Kenya. In this program, we have committed to be deliberate about advancing gender engagements through deliberate listing of women for interviews when roles and openings occur, actively training and promoting women in our business, having a biased approach and favour for suppliers whose businesses are either owned or managed by women amongst other gender leaning initiatives.

While we acknowledge that we are at the beginning stage of this journey, it is our deep intention to quickly move to the forefront of driving the selected sustainable development goals going forward. We have planned to publicly launch this sustainability drive that we have been on, in 2021 and will at the end of the next financial year, aim to draft and produce our very first sustainability report.

SASINI PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of Sasini PLC (the Group and Company) which comprise the consolidated and company statements of financial position as at 30 September 2020, 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 and the information identified as subject to audit in the Directors' Remuneration Report.

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

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

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

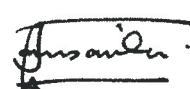
The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the 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 **14 January 2021**.


Dr. J.B. McFie, PhD
Chairman


Mr. Martin R. Ochieng'
Group Managing Director

Date: 14 January 2021



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SASINI PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sasini PLC (the Group and Company), which comprise the consolidated and company statements of financial position as at 30 September 2020, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information and the information identified as subject to audit in the Directors' Remuneration Report.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sasini PLC as at 30 September 2020, 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 (IFRSs) and the Kenyan Companies Act, 2015.

Basis for opinion

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

Key audit matters

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SASINI PLC (CONTINUED)**

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

Key audit matters (continued)

Valuation of biological assets - IAS 41 <i>Agriculture</i> in the consolidated and separate financial statements	
See note 3 (i) and note 20	
The key audit matter	How the matter was addressed in our audit
<p>The Group's and Company'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 <i>Agriculture</i>.</p> <p>Estimating the fair value of produce growing on tea and coffee bushes and standing timber is a complex process involving a number of judgments and estimates regarding various inputs including estimating the useful lives of the biological assets, expected harvest and selling prices at the point of harvest. Due to the nature of the assets, the valuation technique includes a discounted cash flow model that uses a number of inputs such as expected yield/harvest from internal sources due to lack of relevant and reliable observable inputs.</p> <p>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.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> — Evaluating the Group's and Company's inputs and assumptions used in calculating the estimated cash flows by comparing them with historical performance and the Group's and Company's plans, as well as our understanding of the industry and the economic environment the Group and Company operates in. — Evaluating the historical accuracy of the Group's and Company's assessment of the fair value of biological assets by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts. — Evaluating the reasonableness of the number of standing trees by comparing management estimated number of trees to the average derived from hectares under tree cover and the recommended tree spacing per hectare — Evaluating the accuracy of the computations as well as the appropriateness of the discount rates used to discount cash flows. — Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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 thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SASINI PLC (CONTINUED)**

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

Directors' responsibilities for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs, 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.

Auditor's 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 auditor's 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SASINI PLC (CONTINUED)**

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements - continued

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

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

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.

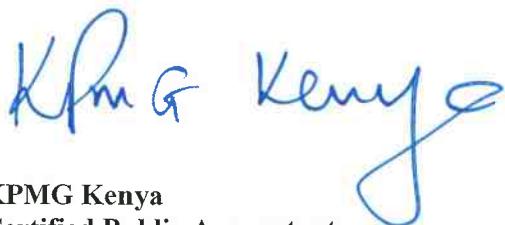
From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or 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:

- i. The information given in the report of the directors on pages 24 to 28 is consistent with the consolidated and separate financial statements; and
- ii. In our opinion, the auditable part of the Directors' remuneration report on pages 35 to 37 has been prepared in accordance with the Kenyan Companies Act, 2015;

The signing partner responsible for the audit resulting in this independent auditor's report is CPA Joseph Kariuki – P/2102.



KPMG Kenya
Certified Public Accountants
PO Box 40612 - 00100
Nairobi

Date: 14 January 2021

SASINI PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Note	KShs'000	KShs'000
Revenue	8	4,145,408	2,794,830
Cost of sales	9	<u>(3,335,668)</u>	<u>(2,360,107)</u>
Gross profit		809,740	434,723
Fair value changes on biological assets	20(a)	(47,375)	(5,843)
Other income	10	<u>114,695</u>	<u>123,681</u>
Total operating income		877,060	552,561
Administration and establishment expenses	11	(791,156)	(912,764)
Selling and distribution expenses	12	(51,580)	(31,906)
Results from operations		34,324	(392,109)
Finance income	13(a)	24,462	51,736
Finance costs	13(b)	(17,294)	(20,926)
Net finance income	13	7,168	30,810
Profit/(loss) before tax	14	41,492	(361,299)
Tax (expense)/credit	15(a)	(28,887)	23,562
Profit/(loss) for the year		12,605	(337,737)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment, net of tax		-	2,181,675
Impact of change in tax rate and revaluation		93,305	-
Remeasurement of post-employment benefits, net of tax	31	58,469	16,202
Impact of change in tax rate on defined benefit reserve		<u>3,631</u>	<u>-</u>
Total comprehensive income		<u>168,010</u>	<u>1,860,140</u>
Profit/(loss) attributable to:			
Owners of the company		16,269	(317,429)
Non-controlling interest		(3,664)	(20,308)
Total comprehensive income attributable to:		<u>12,605</u>	<u>(337,737)</u>
Profit/(loss) attributable to the owners of company comprise:			
Profit/(loss) arising from operating activities		74,258	(314,197)
Fair value changes on biological assets, net of tax		(57,989)	(3,232)
		<u>16,269</u>	<u>(317,429)</u>
Earnings per share:			
Basic and diluted (KShs)	16	<u>0.07</u>	<u>(1.39)</u>
Dividend per share (KShs)	17	<u>-</u>	<u>0.50</u>

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

**COMPANY STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

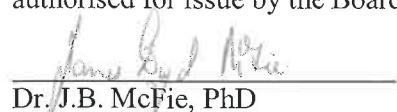
	Note	2020 KShs'000	2019 KShs'000
Revenue	8	1,363,277	988,016
Cost of sales	9	<u>(1,165,668)</u>	<u>(871,443)</u>
Gross profit		197,609	116,573
Fair value changes on biological assets	20(b)	78,980	(64,596)
Other income	10	<u>180,273</u>	<u>376,182</u>
Total operating income		456,862	428,159
Administration and establishment expenses	11	<u>(359,143)</u>	<u>(441,017)</u>
Results from operations		<u>97,719</u>	<u>(12,858)</u>
Finance income	13(a)	19,194	26,366
Finance costs	13(b)	<u>(15,553)</u>	<u>(17,366)</u>
Net finance income	13	<u>3,641</u>	<u>9,000</u>
Profit/(loss) before tax	14	101,360	(3,858)
Tax (expense)/credit	15(a)	<u>(43,648)</u>	<u>56,620</u>
Profit for the year		<u>57,712</u>	<u>52,762</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment, net of tax		-	1,529,028
Impact of change in tax rate on revaluation		31,801	-
Remeasurement of post-employment benefits, net of tax	31	2,696	465
Impact of change in tax rate on defined benefit reserve		408	-
Total comprehensive income		<u>92,617</u>	<u>1,582,255</u>
Profit for the year is made up as follows:			
Profit arising from operating activities		<u>(1,523)</u>	<u>97,979</u>
Fair value changes on biological assets - net of tax		<u>59,235</u>	<u>(45,217)</u>
		<u>57,712</u>	<u>52,762</u>
Basic and diluted (KShs)	16	<u>0.25</u>	<u>0.23</u>
Dividend per share (KShs)	17	<u>-</u>	<u>0.50</u>

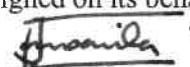
The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

ASSETS	Note	2020	2019
		KShs'000	KShs'000
Non-current assets			
Property, plant and equipment	18(a)	11,386,598	11,455,879
Capital work-in-progress	18(c)	127,243	89,103
Intangible assets	19	18,944	12,192
Biological assets	20(a)	1,012,880	1,211,030
Prepaid leases on leasehold land	21	-	10,408
Deferred tax asset	30	7,582	8,865
Right of use asset	22	<u>41,314</u>	-
		<u>12,594,561</u>	<u>12,787,477</u>
Current assets			
Inventories	24	567,663	800,789
Biological assets	20(a)	196,819	112,101
Trade and other receivables	25	531,110	450,610
Amounts due from related companies	26	-	1,000
Tax recoverable	15(b)	93,913	93,118
Cash and bank balances	27	<u>593,689</u>	<u>429,264</u>
		<u>1,983,194</u>	<u>1,886,882</u>
TOTAL ASSETS		<u>14,577,755</u>	<u>14,674,359</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	228,055	228,055
Non-distributable reserves	29(a)	10,204,430	10,087,551
Distributable reserves	29(b)	<u>2,316,442</u>	<u>2,264,204</u>
		<u>12,748,927</u>	<u>12,579,810</u>
Non-controlling interest	29(c)	<u>304,138</u>	<u>305,245</u>
Total equity		<u>13,053,065</u>	<u>12,885,055</u>
Non-current liabilities			
Deferred tax liability	30	964,177	1,036,173
Lease liability	22	17,698	-
Post-employment benefits	31	<u>197,101</u>	<u>309,534</u>
		<u>1,178,976</u>	<u>1,345,707</u>
Current liabilities			
Borrowings	37	-	114,488
Trade and other payables	32	317,693	296,808
Lease liability	22	15,953	-
Post-employment benefits	31	12,068	24,746
Tax payable	15(b)	<u>-</u>	<u>7,555</u>
		<u>345,714</u>	<u>443,597</u>
TOTAL EQUITY AND LIABILITIES		<u>14,577,755</u>	<u>14,674,359</u>

The consolidated and separate financial statements set out on pages 60 to 132 were approved and authorised for issue by the Board of Directors on 14 January 2021 and signed on its behalf by:


Dr. J.B. McFie, PhD
Chairman


Mr. Martin R. Ochieng'
Group Managing Director

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

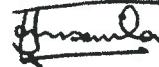
SASINI PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

ASSETS	Note	2020 KShs'000	2019 KShs'000
Non-current assets			
Property, plant and equipment	18(b)	7,395,188	7,450,772
Capital work-in-progress	18 (c)	42,602	37,488
Intangible assets	19	9,598	11,343
Biological assets	20(b)	129,741	126,456
Right of use asset	22	31,007	-
Investment in subsidiaries	23	<u>589,897</u>	<u>145,797</u>
		<u>8,198,033</u>	<u>7,771,856</u>
Current assets			
Inventories	24	81,197	197,073
Biological assets	20(b)	166,207	90,512
Trade and other receivables	25	188,421	89,737
Amounts due from related companies	26	242,014	777,772
Tax recoverable	15(b)	36,332	35,894
Cash and bank balances	27	<u>317,603</u>	<u>141,919</u>
		<u>1,031,774</u>	<u>1,332,907</u>
TOTAL ASSETS		<u>9,229,807</u>	<u>9,104,763</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	28	228,055	228,055
Non - distributable reserves	29(a)	7,260,098	7,165,958
Distributable reserves	29(b)	<u>1,123,216</u>	<u>1,124,739</u>
Total equity		<u>8,611,369</u>	<u>8,518,752</u>
Non-current liabilities			
Deferred tax liability	30	415,638	408,149
Post-employment benefits	31	20,055	26,893
Lease liability	22	<u>17,698</u>	-
		<u>453,391</u>	<u>435,042</u>
Current liabilities			
Borrowings	37	-	114,488
Amounts due to related parties	26	12,913	-
Trade and other payables	32	135,202	30,761
Lease liability	22	15,953	-
Post-employment benefits	31	<u>979</u>	<u>5,720</u>
		<u>165,047</u>	<u>150,969</u>
TOTAL EQUITY AND LIABILITIES		<u>9,229,807</u>	<u>9,104,763</u>

The consolidated and separate financial statements set out on pages 60 to 132 were approved and authorised for issue by the Board of Directors on 14 January 2021 and signed on its behalf by:


Dr. J.B. McFie, PhD
Chairman


Mr. Martin R. Ochieng'
Group Managing Director

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Value reserve KShs'000	Biological assets fair 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	
2020:												
Balance as at 1 October 2019	228,055	98,530	9,742,812	195,370	50,839	2,264,204	-	-	12,579,810	305,245	12,885,055	
Total comprehensive income for the year												
Profit/(loss) for the year	-	-	-	-	-	-	16,269	-	16,269	(3,664)	12,605	
Other comprehensive income												
Impact of change in tax rate	-	-	92,956	-	3,631	-	-	-	96,587	2,343	98,930	
Revaluation adjustment	-	-	(1,994)	-	-	-	-	-	(1,994)	-	(1,994)	
Fair value on biological assets after tax	-	-	-	(35,969)	-	35,969	-	-	-	-	-	
Remeasurement of post employment benefits net of tax	-	-	-	-	58,255	-	-	-	58,255	214	58,469	
Total comprehensive income for the year					90,962	(35,969)	61,886	52,238	-	169,117	(1,107)	168,010
Transactions with owners of the company recorded directly in equity												
First interim 2020 dividend paid	-	-	-	-	-	-	-	-	-	-	-	
Total distribution to owners of the company					-	-	-	-	-	-	-	
At 30 September 2020	228,055	98,530	9,833,774	159,401	112,725	2,316,442	-	12,748,927	304,138	13,053,065		

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Value reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Total Proposed dividends KShs'000		Non controlling interest KShs'000		Total equity KShs'000
							Retained earnings KShs'000	Attributable to owners KShs'000	Total KShs'000		
2019:											
Balance as at 1 October 2018	228,055	98,530	7,627,565	198,602	34,571	2,727,309	114,028	11,028,660	295,123	11,323,783	
Impact of change in accounting policy	-	-	-	-	-	(34,880)	-	(34,880)	(682)	(35,562)	
Restated balance at 1 October 2018	228,055	98,530	7,627,565	198,602	34,571	2,692,429	114,028	10,993,780	294,441	11,288,221	
Total comprehensive income for the year											
Loss for the year	-	-	-	-	-	(317,429)	-	(317,429)	(20,308)	(337,737)	
Other comprehensive income											
Revaluation surplus on property, plant and equipment net of tax	-	-	2,115,247	-	-	-	-	2,115,247	66,428	2,181,675	
Fair value on biological assets after tax	-	-	-	(3,232)	-	3,232	-	-	-	-	
Remeasurement of post employment benefits net of tax	-	-	-	-	16,268	-	-	16,268	(66)	16,202	
Total comprehensive income for the year											
Transactions with owners of the company recorded directly in equity											
Dividend paid to minority interest	-	-	-	-	-	-	(114,028)	(114,028)	(114,028)	(35,250)	(35,250)
Final 2018 dividend paid	-	-	-	-	-	-	(114,028)	(114,028)	(114,028)	-	(114,028)
First interim 2019 dividend paid	-	-	-	-	-	(114,028)	-	(114,028)	-	(114,028)	
Total distribution to owners of the company											
At 30 September 2019	228,055	98,530	9,742,812	195,370	50,839	2,264,204	-	12,579,810	305,245	12,885,055	

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	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
2020:								
Balance as at 1 October 2019	228,055	40,594	7,046,471	73,179	5,714	1,124,739	-	8,518,752
Profit for the year	-	-	-	-	-	57,712	-	57,712
Other comprehensive income								
Fair value changes on biological assets after tax	-	-	-	59,235	-	(59,235)	-	-
Impact of change in tax rate	-	-	31,801	-	408	-	-	32,209
Remeasurement of post employment benefits, net of tax (Note 31)	-	-	-	-	3,595	-	-	3,595
Deferred tax on remeasurement	-	-	-	-	(899)	-	-	(899)
Total comprehensive income for the year	-	-	31,801	59,235	3,104	(1,523)	-	92,617
Transactions with owners of the company recorded directly in equity								
Final 2019 dividend paid	-	-	-	-	-	-	-	-
Interim 2020 dividend paid	-	-	-	-	-	-	-	-
Total distribution to owners of equity	-	-	-	-	-	-	-	-
At 30 September 2020	228,055	40,594	7,078,272	132,414	8,818	1,123,216	-	8,611,369

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Value 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
2019:									
Balance as at 1 October 2018	228,055	40,594	5,517,443	118,396	5,249	1,174,032	114,028	7,197,797	
Impact of change in accounting policy	-	-	-	-	-	(33,244)	-	(33,244)	
Restated balance at 1 October 2018	228,055	40,594	5,517,443	118,396	5,249	1,140,788	114,028	7,164,553	
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	52,762	-	52,762
Other comprehensive income									
Fair value changes on biological assets after tax	-	-	-	-	(45,217)	-	45,217	-	-
Revaluation surplus on property, plant and equipment net of tax	-	-	-	1,529,028	-	-	-	-	1,529,028
Remeasurement of post employment benefits, net of tax (Note 31)	-	-	-	-	-	665	-	-	665
Deferred tax on remeasurement	-	-	-	-	(200)	-	-	-	(200)
Total comprehensive income for the year	-	-	1,529,028	(45,217)	465	97,979			1,582,255
Transactions with owners of the company recorded directly in equity									
Final 2018 dividend paid	-	-	-	-	-	-	(114,028)	(114,028)	
Interim 2019 dividend paid	-	-	-	-	-	(114,028)	-	(114,028)	
Total distribution to owners of equity	-	-	-	-	-	-	(114,028)	(114,028)	(228,056)
At 30 September 2019	228,055	40,594	7,046,471	73,179	5,714	1,124,739			8,518,752

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Note	KShs'000	KShs'000
Cash flows from operating activities			
Net cash flows generated from/(used in) operations	33	616,288	(340,824)
Gratuity paid	31	(87,428)	(28,608)
Interest paid on lease liability	22	(4,658)	-
Income taxes paid	15(b)	(27,845)	(30,223)
Net cash generated from/(used in) operating activities		<u>496,357</u>	<u>(399,655)</u>
Cash flows from investing activities			
Interest received	13	14,100	49,075
Purchase of property and equipment	18(a)	(99,919)	(138,007)
Purchase of capital work-in- progress proassets	18(c)	(94,964)	(54,201)
Purchase of intangible assets	19	(1,660)	(582)
Proceeds from sale of property and equipment		<u>6,770</u>	<u>7,908</u>
Net cash used in investing activities		<u>(175,673)</u>	<u>(135,807)</u>
Cash flows from financing activities			
Interest paid	13	(9,667)	(12,564)
Payment of lease liability	22	(12,860)	-
Borrowings received	37	595,350	518,155
Borrowings repaid	37	(729,082)	(408,419)
Dividends to minority holders		-	(35,250)
Dividends paid on ordinary shares		-	(228,056)
Net cash used in financing activities		<u>(156,259)</u>	<u>(166,134)</u>
Net increase/(decrease) in cash and cash equivalents		164,425	(701,596)
Impact of initial application of IFRS 9		-	(4,749)
Cash and cash equivalents at the beginning of the year	27	<u>429,264</u>	<u>1,135,609</u>
Cash and cash equivalents at the end of the year		<u>593,689</u>	<u>429,264</u>

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Cash flows from operating activities	Note	2020	2019
		KShs'000	KShs'000
Net cash flows generated from/(used in) operations	33	348,558	(64,840)
Gratuity paid	31	(12,536)	(2,728)
Interest paid on lease liability	22	(4,658)	-
Income taxes paid	15(b)	(5,287)	(6,722)
Net cash generated from/(used in) operating activities		<u>326,077</u>	<u>(74,290)</u>
Cash flows from investing activities			
Dividends received	10	-	199,750
Interest received	13	15,880	24,229
Purchase of property and equipment	18(b)	(3,418)	(8,905)
Purchase of capital work-in-progress	18(c)	(5,114)	(15,702)
Purchase of intangible assets	19	(1,660)	(264)
Proceeds from sale of property and equipment		<u>178</u>	<u>823</u>
Net cash generated from investing activities		<u>5,866</u>	<u>199,931</u>
Cash flows from financing activities			
Interest paid	13	(9,667)	(12,564)
Payment of lease liability	22	(12,860)	-
Borrowings received	37	595,350	518,155
Borrowings repaid	37	(729,082)	(408,419)
Dividends paid on ordinary shares		<u>-</u>	<u>(228,056)</u>
Net cash used in financing activities		<u>(156,259)</u>	<u>(130,884)</u>
Net increase/(decrease) in cash and cash equivalents		175,684	(5,243)
Cash and cash equivalents at the beginning of the year	27	<u>141,919</u>	<u>147,162</u>
Cash and cash equivalents at the end of the year		<u>317,603</u>	<u>141,919</u>

The notes set out on pages 70 to 132 form an integral part of the consolidated and separate financial statements.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. REPORTING ENTITY

Sasini PLC (the “Company”) is a limited liability Company incorporated in Kenya under the Kenyan Companies Act 2015, and is domiciled in Kenya. The consolidated financial statements of the company for the year ended 30 September 2020 comprise the company and its subsidiaries (together referred to as the “Group”).

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

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

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

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

Where reference is made to accounting policies to Group or Company it should be interpreted as being applicable to consolidated or separate financial statements as the context requires.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated and separate financial statements (the financial statements) are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) and the Kenya Companies Act, 2015. Details of the Group’s and Company’s significant accounting policies are included in Note 3.

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

(b) Basis of accounting and measurement

The consolidated and separate financial statements have been prepared on the historical cost basis as modified by revaluation of certain items of property, plant and equipment, and biological assets which is measured at fair value and a liability for staff gratuity subjected to actuarial valuation.

This is the Group’s and Company’s first set of financial statements in which IFRS 16 *Leases*. Changes to significant accounting policies are described in Note 3(k) and 22.

(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).

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. BASIS OF PREPARATION (Continued)

(d) Going concern

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

(e) Use of estimates and judgments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2020. 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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries – continued

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.

(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.

(c) 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.

(d) 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 measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when it transfers control of a product or service to a customer.

The Company will recognise revenue in accordance with that core principle by applying the following five steps:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Taxation

Tax expense comprises current tax and 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 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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Taxation (continued)

(ii) Deferred tax

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

(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.

(f) Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group and Company's statement of financial position when the Group and Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) Classification and subsequent measurement

The Group and Company classify their financial assets in the following categories; amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets and their subsequent accounting will be determined by the application of dual tests examining the contractual cash flow characteristics of the financial instruments and the Group and Company's business model for managing the assets.

Financial assets may be held at amortised cost only where both:

- the asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement - continued

— the contractual terms of the financial asset give rise on specified dates to cash flows that consist solely of principal and interest on the outstanding principal.

Financial liabilities are measured at amortised cost using the effective interest rate (EIR) model, unless the option to fair value liabilities is taken.

(iii) Offsetting financial instruments

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

(iv) Impairment of financial assets

The Group and Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The “incurred loss” model is replaced by the “expected credit loss” model in IFRS 9. This applies to all financial assets not held at fair value through profit and loss (FVTPL) – certain investments, loans, trade receivables and other receivables.

For financial assets carried at amortised cost (including loans and other receivables such as trade debtors), impairment losses should be recognised under the “expected loss model”, building up a debtors’ provision / allowance account against credit losses over the life of the financial asset (including an estimate of initial credit risk), rather than the “incurred loss model” used under IAS 39, where a loss was recognised only if there was a specific event (such as default) triggering an impairment review.

Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group and Company will account for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (continued)

(v) *Derecognition of financial assets*

The Group and Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(g) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently at revalued amounts except bearer plants carried at cost on initial and subsequent measurement less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

A bearer plant is defined as a plant that:

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

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

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

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

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

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (continued)

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

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

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

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

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

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

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

(h) Intangible assets

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

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

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

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

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Biological assets

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

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

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

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

(j) 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.

(k) Leases

— *Policy applicable before 1 October 2019*

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

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

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

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

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (continued)

— *Policy applicable from 1 October 2019*

At inception of a contract, the Group and Company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and Company uses the definition of a lease in IFRS 16.

The Group and Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and Company's incremental borrowing rate. Generally, the Group and Company uses its incremental borrowing rate as the discount rate.

The Group and Company determines its incremental borrowing rate by analysing its bank borrowings and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group and Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (continued)

Policy applicable from 1 October 2019 - continued

The Group and Company presents right-of-use assets and lease liabilities as separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

The Group and Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group and Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Work-in-progress

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

(m) 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.

(n) 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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefit (continued)

(i) Defined contribution plan - continued

Contributions from the Group and Company, at a rate of 12.5% of the basic salary of each employee, are expensed in the year the services are rendered and paid over to a separate trustee administered fund. The Group and Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute. The Group's and Company's contributions to the above schemes are charged to profit or loss in the year to which they relate.

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

(ii) Gratuity

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

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

(iii) Accrued annual leave

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

(iv) Other short term employee benefits

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

(o) 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.

(p) 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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Earnings per share

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

(r) Finance income and finance costs

Finance income comprises interest income on funds invested at FVOCI, dividend income, gains on the disposal of FVOCI 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.

(s) 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.

(t) 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.

(u) 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.

(v) Comparatives

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

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Impairment of non- financial assets

The carrying amounts of the Group's and Company's non-financial assets, other than investment properties, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's 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 flows that largely are independent from other assets and groups. Impairment losses are recognised in 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 cash generating unit and then to reduce the carrying amounts 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

(x) New standards, amendments and interpretations

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

The Group has adopted the following new standards and amendments during the year ended 30 September 2020, including consequential amendments to other standards with the date of initial application by the Group and Company being 1 October 2019.

New standard or amendments	Effective for annual periods beginning on or after
— IFRS 16 Leases	1 January 2019
— IFRIC 23 Uncertainty over income tax treatments	1 January 2019
— IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
— IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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*

New standard or amendments	Effective for annual periods beginning on or after
— Annual improvements cycle (2015-2017)	1 January 2019
— IAS 19 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019

Apart from IFRS 16, the remaining standards did not have a material impact on the Group and Company financial statement. The nature and effects of the changes resulting from IFRS 16 are shown below.

— *IFRS 16 Leases (issued in January 2016)*

The Group and Company applied IFRS 16 using the modified retrospective approach with the right-of-use assets measured at amount equal to lease liabilities adjusted for any prepaid or accrued lease payments before initial application of IFRS 16. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(i) *Definition of a lease*

Previously, the Group and Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Group and Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group and Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

(ii) *As a lessee*

As a lessee, the Group and Company leases land and their office premise. The Group and Company previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group and Company. Under IFRS 16, the Group and Company recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group and Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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*

— *IFRS 16 Leases (issued in January 2016) – continued*

(ii) *As a lessee - continued*

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's and Company's incremental borrowing rate as at 1 October 2019.

Right-of-use assets are measured at amount equal to lease liabilities adjusted for any prepaid or accrued lease payments before initial application of IFRS 16.

The Group and Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group and Company:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets; excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term

(iii) *As a lessor*

At inception or on modification of a contract that contains a lease component, the Group and Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group or Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Generally, the accounting policies applicable to the Group and Company as a lessor in the comparative period were not different from IFRS 16.

— *Impact on financial statements*

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The lease liability and right-of-use asset are measured at the present value of remaining lease payments based on the lessee's incremental borrowing rate. The detailed impact on the financial statements is outlined in Note 22.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(ii) *New standards, amendments and interpretations in issue but not yet effective for the year ended 30 September 2020 – continued*

New standard or amendments	Effective for annual periods beginning on or after
— IFRS 3 Definition of a Business	1 January 2020
— Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
— Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020
— Interest rate benchmark reform(Amendments to IFRS 9,IAS 39 and IFRS 7)	1 January 2020
— COVID-19-Related Rent concessions (Amendment to IFRS 16)	1 January 2020
— Interest rate benchmark reform-phase 2 (Amendments to IFRS 9,IAS 39,IFRS 9, IFRS 4 and IFRS 16)	1 January 2021
— IAS 37 amendments regarding onerous contracts	1 January 2022
— IAS 16 amendments regarding proceeds before intended use	1 January 2022
— Annual improvements to IFRS standards 2018-2020	1 January 2022
— References to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
— Classification of Liabilities as Current or Non-current (Amendments IAS 1)	1 January 2023
— IFRS 17 Insurance contracts	1 January 2023
— Sale or Contribution of Assets between an Investor and its Associate or Company (Amendments to IFRS 10 and IAS 28).	Available for optional adoption/ effective date deferred indefinitely

The above standards are not expected to have a significant impact on the Group's and Company's financial statement.

4. USE OF ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

(i) *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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (continued)

(i) Property, plant and equipment - continued

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(g) and Note 18.

(ii) Income taxes and deferred tax

Significant judgement is required in determining the Group's provision for deferred and current 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.

(iii) 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(n) and Note 31.

(iv) Allowance for impairment for accounts receivable

The Group and Company uses an Expected Credit Loss (ECL) model to assess any need for impairment of financial assets. Under the ECL model, the Group and Company calculates the allowance for credit losses using a provisioning matrix by considering on a discounted basis, the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring.

The allowance is the sum of these probability weighted outcomes. For other assets other than financial assets, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Details of the allowance for impairment are disclosed in Note 5(b) and Note 25.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical accounting estimates and assumptions (continued)

(v) 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.

(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) Biological assets

Critical judgements are made by the Directors in determining the fair values of biological assets. The key assumptions are set out in Note 20.

(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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 2020 and 2019 together with the interest rates on that date was as follows:

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

	Group	Company	
	2020	2019	2020
	KShs'000	KShs'000	KShs'000
Interest income	14,100	49,075	15,880
Interest expense	(14,325)	(15,314)	(14,325)
Net interest income	(<u>225</u>)	<u>33,761</u>	<u>1,555</u>
			<u>11,052</u>

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	
	2020	2019	2020
	KShs '000	KShs '000	KShs '000
<i>Fixed rate instruments</i>			
Financial assets (Note 27)	238,952	142,318	72,048
Financial liabilities (Note 37)	_____ -	(114,488)	_____ -
Net exposure	<u>238,952</u>	<u>27,830</u>	<u>72,048</u>
			<u>(112,195)</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

	Change in currency rate	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
2020	10.00%	(23)	(17)	156	117
	(10.00%)	23	17	(156)	(117)
2019	10.00%	3,376	2,363	1,105	774
	(10.00%)	(3,376)	(2,363)	(1,105)	(774)

(ii) *Currency risk*

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

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

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

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

	Average rates		Closing rates	
	2020 KShs	2019 KShs	2020 KShs	2019 KShs
US Dollar (USD)	104.73	101.85	108.5	103.89
Sterling Pound (GBP)	133.59	129.98	139.5	128.01

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:

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(ii) Currency risk – continued

All figures are in thousands of Kenya shillings

(KShs'000) Group:

2020:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	226,880	-	17,277	244,157
Cash and cash equivalents	104,209	1,770	1,080	107,059
At 30 September	331,089	1,770	18,357	351,216
Liabilities				
Trade and other payables	(8,312)	-	-	-
At 30 September				
Net balance sheet position	322,777	1,770	18,307	342,904

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

2019:	USD	GBP	EURO	Total
Assets				
Trade and other receivables	143,223	-	-	143,223
Cash and cash equivalents	135,114	1,592	25,222	161,928
At 30 September	278,337	1,592	25,222	305,151
Liabilities				
Trade and other payables	(10,533)	-	-	(10,533)
At 30 September				
Net balance sheet position	267,804	1,592	25,222	294,618

Company:

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

Assets	2020 USD	2019 USD
Trade and other receivables	96,279	35,804
Cash and cash equivalents	78,004	97,386
At 30 September	174,283	133,190
Liabilities		
Trade and other payables	(7,887)	(10,533)
Net balance sheet position	166,396	122,657

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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		Effect on profit before tax	
		KShs' 000	KShs' 000	KShs' 000	KShs' 000
USD					
2020	10%	32,278	24,208	16,640	12,480
	(10%)	(32,278)	(24,208)	(16,640)	(12,480)
2019	10%	26,780	18,746	12,266	8,586
	(10%)	(26,780)	(18,746)	(12,266)	(8,586)
GBP					
2020	10%	177	133	-	-
	(10%)	(177)	(133)	-	-
2019	10%	159	111	-	-
	(10%)	(159)	(111)	-	-
EUR					
2020	10%	1,831	1,373	-	-
	(10%)	(1,831)	(1,373)	-	-
2019	10%	2,522	1,766	-	-
	(10%)	(2,522)	(1,766)	-	-

(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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (continued)

(iii) Price risk – continued

The Group and Company has analysed price risk with respect to tea and coffee due to materiality of these two products. The other products do not have a significant price risk impact.

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

	2020 KShs	2019 KShs
Coffee	468	313
Tea	<u>175</u>	<u>165</u>

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.

	Group			Company	
	Change in price	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					
2020	10%	126,285	94,714	119,795	89,847
	(10%)	(126,285)	(94,714)	(119,795)	(89,847)
2019	10%	83,321	58,325	78,409	54,886
	(10%)	(83,321)	(58,325)	(78,409)	(54,886)
Tea					
2020	10%	228,878	167,158	-	-
	(10%)	(228,878)	(167,158)	-	-
2019	10%	151,275	105,893	-	-
	(10%)	(151,275)	(105,893)	-	-

(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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

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	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Trade receivables – Net	201,035	106,367	85,876	7,620
Other receivables	82,933	76,068	43,898	23,847
Amounts due from related companies	-	1,000	242,014	777,773
Bank balances and short term deposits	<u>591,210</u>	<u>426,672</u>	<u>316,638</u>	<u>141,176</u>
	<u>875,178</u>	<u>610,107</u>	<u>688,426</u>	<u>950,416</u>

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

(i) *Intercompany receivables*

For Group and Company, the calculated ECL which represents the probability of default was 2.73% which considers historical experience over the last 12 months, current conditions, exchange rates and country risk. This was applied to the gross outstanding amount and resulted in a loss allowance of KShs 4,593 thousands and KShs – Nil for the Group and Company respectively for the year ended 30 September 2020.

(ii) *Cash and cash equivalents*

The Group and Company held cash and bank balances of KShs 593 million and KShs 317 million respectively (2019 – Group – KShs 429 million and Company KShs 142 million). The cash and bank balances are held with banks and financial institution counterparties, which are rated between A1 to Ba1, based on GCR, S&P and Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The COVID -19 pandemic and the lockdown did not place severe stress on the Group's credit position since the cash balances are with credit worth banks, most of the business customers pays within 14 days because of the auction rules, for coffee and tea.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

(ii) Cash and cash equivalents – continued

Impairment losses movement for cash and bank balances in the year was

	Group		Company	
	2020	2019	2020	2019
	KShs' 000	KShs' 000	KShs' 000	KShs' 000
At 1 October	353	-	-	-
Day 1 adjustment	-	4,749	-	-
Writeback to profit or loss	(353)	(4,396)	-	-
As at 30 September	<u>353</u>	<u>353</u>	<u>-</u>	<u>-</u>

(c) Liquidity risk

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

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

Group:

2020:	0-1 month	2-3 months	4-12 months	Over 1 year	Total
	KShs'000	KShs'000	KShs '000	KShs '000	KShs'000
Trade and other payables	67,918	69,658	180,117	-	317,693
Lease liability	4,679	-	14,153	18,442	37,274
Borrowings	-	-	-	-	-
	<u>72,597</u>	<u>69,658</u>	<u>194,270</u>	<u>18,442</u>	<u>354,967</u>

2019:

Trade and other payables	231,216	19,410	46,182	-	296,808
Borrowings	-	-	114,488	-	114,488
	<u>231,216</u>	<u>19,410</u>	<u>160,670</u>	<u>-</u>	<u>411,296</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (continued)

Company:	0-1	2-3	4-12	Over 1	Total
	month KShs'000	months KShs'000	months KShs '000	year KShs '000	
2020:					
Trade and other payables	48,207	41,073	45,922	-	135,202
Due to related Party	-	12,913	-	-	12,913
Lease liability	4,679	-	14,153	18,442	37,274
Borrowings	-	-	-	-	-
	<u>52,886</u>	<u>53,986</u>	<u>60,075</u>	<u>18,442</u>	<u>185,389</u>
2019:					
Trade and other payables	3,311	14,331	13,121	-	30,763
Borrowings	-	-	114,488	-	114,488
	<u>3,311</u>	<u>14,331</u>	<u>127,609</u>	<u>-</u>	<u>145,251</u>

Despite the COVID -19 pandemic the lockdown did not place severe stress on the Group's liquidity position as arevenue -generating activities were not restricted. The Group has taken and continues to take actions to mitigate the impact, including freezing dividends.

(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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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:

- (a) Agricultural diversification of products and processes
- (b) 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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. DETERMINATION OF FAIR VALUES (Continued)

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.

There were no financial instruments carried at fair value at the Group and Company level.

The following table shows an analysis of non-financial assets held at fair value as at 30 September 2020 and 2019:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Non-financial assets				
Property, plant and equipment*	11,222,887	11,285,344	7,384,575	7,439,649
Biological assets	1,209,699	1,323,131	295,948	216,968
Total assets	12,432,586	12,608,475	7,680,523	7,656,617

*The carrying amount relates only to classes of property, plant and equipment carried at revalued amounts all property, plant and equipment excluding the bearer plant that is carried at cost.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

6. DETERMINATION OF FAIR VALUES (Continued)

Level 3 (continued)

On 30 September 2019, Knight Frank Valuers Limited, professionally valued the Group's machinery, equipment and furniture while building and freehold land were valued on 30 September 2019. The valuation was on an open market value basis. The Valuers used the Direct Capital Comparison method of valuation for valuation of land. The assumption which is that the value of the appraised property is equal to the value of a known comparable property, with due allowance being given for differences factors between the appraised property and the compared property such as the condition, location, level and amount of services provided, accessibility, plot size, planning and zoning regulations, transacting parties, motive of sale and tenure and the unexpired term. Fully developed properties; for example depots have been valued on the basis of sales of similar developed properties in the particular locations with due regard to their rental income potential. Buildings or any other fixture or improvement on land whose revenue contribution cannot be assessed easily or where the structures are dilapidated, have been valued on depreciated replacement cost basis.

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

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

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

7. SEGMENT INFORMATION

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

Tea - Growing and processing of tea

Coffee - Growing and processing of coffee

Others - Dairy operations, commercial milling and marketing of coffee, value additions of related products, renting of growing land and the leasing of plant and machinery.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. SEGMENT INFORMATION (Continued)

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:

Segment information is as presented below:

	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
30 September 2020:				
Revenue				
Total sales	2,228,776	1,262,854	665,778	4,157,408
Intergroup sales	-	-	(12,000)	(12,000)
Net sales to external customers	2,228,776	1,262,854	653,778	4,145,408
Other income	<u>14,500</u>	<u>87,916</u>	<u>12,279</u>	<u>114,695</u>
	<u>2,243,276</u>	<u>1,350,770</u>	<u>666,057</u>	<u>4,260,103</u>
Results				
Operating results on operating activities	63,687	(3,525)	21,537	81,699
Operating results on biological assets	<u>(130,247)</u>	<u>82,872</u>	<u>-</u>	<u>(47,375)</u>
Operating results before tax	<u>(66,560)</u>	<u>79,347</u>	<u>21,537</u>	<u>34,324</u>
30 September 2020:				
Assets and liabilities				
Segment assets	<u>3,278,610</u>	<u>10,412,726</u>	<u>886,419</u>	<u>14,577,755</u>
Segment liabilities	<u>723,907</u>	<u>591,369</u>	<u>209,414</u>	<u>1,524,690</u>
Other segment information				
Capital expenditure - tangible fixed assets	120,449	26,378	49,719	196,545
Depreciation and amortisation	107,322	39,232	81,754	228,308
Income tax expense	-	-	28,887	28,887
Interest income	-	-	(14,100)	(14,100)
Interest expense	-	-	14,325	14,325
Average number of employees	<u>1,683</u>	<u>757</u>	<u>80</u>	<u>2,520</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. SEGMENT INFORMATION (Continued)

	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
30 September 2019:				
Revenue				
Total sales	1,512,730	833,213	460,887	2,806,830
Intergroup sales	—	—	(12,000)	(12,000)
Net sales to external customers	1,512,730	833,213	448,887	2,794,830
Other income	9,215	114,453	13	123,681
	1,521,945	947,666	448,900	2,918,511
Results				
Operating results on operating activities	(102,290)	(150,451)	(133,525)	(386,266)
Operating results on biological assets	66,923	(72,766)	—	(5,843)
Operating results before tax	(35,367)	(223,217)	(133,525)	(392,109)
30 September 2019:				
Assets and liabilities				
Segment assets	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Segment liabilities	3,508,242	10,723,140	442,977	14,674,359
Other segment information				
Capital expenditure - tangible fixed assets	117,825	42,740	31,643	192,208
Depreciation and amortisation	80,950	48,597	32,640	162,187
Income tax credit	—	—	(23,562)	(23,562)
Interest income	—	—	(49,075)	(49,075)
Interest expense	—	—	15,314	15,314
Average number of employees	2,613	933	338	3,884

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.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. SEGMENT INFORMATION (Continued)

Segment information (continued)

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

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

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

8. REVENUE

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Tea	2,228,776	1,512,753	-	-
Coffee	1,262,854	833,213	1,197,955	784,094
Livestock & dairy produce	34,383	53,519	3,607	4,207
Retail- Blended tea and coffee	91,351	109,967	91,342	109,967
Milling and handling income	39,501	50,468	40,430	51,860
Marketing commission	29,943	37,888	29,943	37,888
Avocado	189,868	96,112	-	-
Macademia	259,491	95,601	-	-
Miscellaneous income	<u>9,241</u>	<u>5,309</u>	-	-
	<u>4,145,408</u>	<u>2,794,830</u>	<u>1,363,277</u>	<u>988,016</u>

Performance obligations and revenue recognition policies

Revenue from sale of goods is recognised as and when control is transferred to the customer on the basis of the percentage of completion of a service contract within the accounting period; to the extent that the customer has accepted the good and the collectability of the related receivable is reasonably measured.

9. COST OF SALES	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
General charges	301,647	346,361	98,361	104,324
Estates maintenance	543,920	355,202	81,839	90,464
Production expenses	434,491	413,341	36,526	58,308
Green leaf purchases	670,509	503,840	-	-
Coffee purchases and other charges	730,851	562,707	730,851	562,707
Livestock expenses	42,553	54,548	2,516	3,836
Retail trading expenses	68,344	98,828	68,344	98,828
Coffee mill expenses	37,743	40,078	37,743	40,078
Transport and insurance	50,389	37,310	-	-
Inventory adjustments	<u>455,221</u>	<u>(52,108)</u>	<u>109,488</u>	<u>(87,102)</u>
	<u>3,335,668</u>	<u>2,360,107</u>	<u>1,165,668</u>	<u>871,443</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. OTHER INCOME

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Net gain/(loss) on disposal of property, plant and equipment	1,221	(2,626)	49	(13)
Management fees	-	-	78,229	56,089
Rent income	1,327	1,228	7,885	7,735
Dividend income	-	-	-	199,750
Other income	112,147	125,079	94,110	112,621
	114,695	123,681	180,273	376,182

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES

(a)	Administration and establishment expenses	Group		Company	
		2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
	Staff costs (Note 11(b))	225,752	219,733	110,038	109,869
	Insurance and medical costs	33,782	43,709	7,935	9,306
	Depreciation of property, plant and equipment	207,349	157,648	55,898	46,858
	Armotisation of leases	15,605	-	15,504	-
	Amortisation of intangible assets	5,376	4,438	3,405	3,954
	Amortisation of leasehold land	-	101	-	-
	Auditors' remuneration	13,200	13,200	7,146	7,146
	Directors' emoluments	34,393	37,319	34,393	37,319
	Legal and professional fees	23,775	18,734	12,589	10,370
	Secretarial costs	5,056	3,804	2,056	804
	Travelling and accommodation	3,046	3,068	2,681	2,158
	Office expenses	160,347	273,570	67,803	129,567
	Administration costs	60,096	50,814	60,096	50,814
	Bank charges	5,420	6,413	3,039	2,847
	Other expenses	(2,041)	80,213	(23,440)	30,005
		791,156	912,764	359,143	441,017
(b)	Staff costs				
	Salaries and wages	205,144	199,672	97,398	97,682
	Pension costs	20,608	20,061	12,640	12,187
		225,752	219,733	110,038	109,869

12. SELLING AND DISTRIBUTION EXPENSES

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
	Warehousing and storage charges	51,580	31,906	—

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. NET FINANCE INCOME

(a) Finance income

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Interest income	14,100	49,075	15,880	24,229
Realised foreign exchange	5,583	2,649	-	2,137
Unrealised foreign exchange	<u>4,779</u>	<u>12</u>	<u>3,314</u>	<u>-</u>
	<u>24,462</u>	<u>51,736</u>	<u>19,194</u>	<u>26,366</u>

(b) Finance cost

Interest expense	(14,325)	(15,314)	(14,325)	(15,314)
Realised foreign exchange loss	(2,956)	(3,230)	(1,228)	(1,980)
Unrealised foreign exchange loss	<u>(13)</u>	<u>(2,382)</u>	<u>-</u>	<u>(72)</u>
	<u>(17,294)</u>	<u>(20,926)</u>	<u>(15,553)</u>	<u>(17,366)</u>
Net finance income	<u>7,168</u>	<u>30,810</u>	<u>3,641</u>	<u>9,000</u>

14. PROFIT BEFORE TAXATION

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
The profit/(loss) before taxation is Arrived at after charging/ (crediting): Depreciation	207,349	157,648	55,898	46,858
Amortisation of intangible assets	5,376	4,438	3,405	3,954
Amortisation of leasehold land	-	101	-	-
Armotisation/depreciation of right of use	15,605	-	15,504	-
Directors' emoluments:				
- Fees	8,350	8,545	8,350	8,545
- Other remuneration	26,043	28,774	26,043	28,774
Pension costs	20,608	20,061	12,640	12,187
Auditor's remuneration	13,200	13,200	7,146	7,146
Interest expense	14,325	15,314	14,325	15,314
Unrealised exchange losses	13	2,382	-	72
Realised foreign exchange losses	2,956	3,230	1,228	1,980
Interest income	(14,100)	(49,075)	(15,880)	(24,229)
Unrealised foreign exchange gain	(4,779)	(12)	(3,314)	-
Realised foreign exchange gain	(5,583)	(2,649)	-	(2,137)
Net (gain)/loss on disposal of assets	<u>(1,223)</u>	<u>2,626</u>	<u>118</u>	<u>13</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

15. TAX EXPENSE

(a) Statement of comprehensive income	Group		Company	
	2020	2019	2020	2019
Current tax expense/(credit)	KShs'000	KShs'000	KShs'000	KShs'000
Income tax on the taxable profit for the year at 25% (2019- 30%)	22,362	34,535	7,716	9,589
Prior year under provision	(2,867)	(17,561)	(2,867)	(17,561)
Total current tax	<u>19,495</u>	<u>16,974</u>	<u>4,849</u>	<u>(7,972)</u>
Deferred tax expense/(credit)				
Deferred tax credit arising from operating activities	43,548	(83,876)	3,203	(20,711)
Derecognised deferred tax	-	56,828	-	-
Deferred tax (credit)/charge on biological assets fair value	(28,358)	(1,753)	19,745	(19,379)
Effect of change in tax rate	(8,100)	-	13,452	-
Prior year under/(over) provision	<u>2,302</u>	<u>(11,735)</u>	<u>2,399</u>	<u>(8,558)</u>
Total deferred tax charge/(credit)	<u>9,392</u>	<u>(40,536)</u>	<u>38,799</u>	<u>(48,648)</u>
Taxation expense /(credit) for the year	<u>28,887</u>	<u>(23,562)</u>	<u>43,648</u>	<u>(56,620)</u>
Reconciliation of tax expense:				
Accounting profit /(loss) before taxation	<u>41,492</u>	<u>(361,299)</u>	<u>101,360</u>	<u>(3,858)</u>
Tax applicable rate at 25% (2019-30%)	10,373	(108,390)	25,340	(1,157)
Tax effects of items not allowed for tax or tax exempt	(13,502)	9,788	5,324	(29,344)
Derecognised deferred tax	-	56,828	-	-
Movement in unrecognized deferred tax	40,681	47,508	-	-
Effect of change in tax rate	(8,100)	-	13,452	-
Prior year under/(over) provision:				
- Deferred tax	2,302	(11,735)	2,399	(8,558)
- Current tax	(2,867)	(17,561)	(2,867)	(17,561)
	<u>28,887</u>	<u>(23,562)</u>	<u>43,648</u>	<u>(56,620)</u>

On 25 April 2020, the government of Kenya enacted changes to the Income Tax Act as part of COVID-19 relief measures, including a decrease in the corporate tax rate from 30 to 25%. This change has been incorporated in the current and deferred tax assets and liabilities of the Group and Company. As disclosed at Note 38, on 23 December 2020, an increase in the corporate tax rate in the Kenya from 25% to 30% was enacted, effective from 1 January 2021. This increase does not affect the amounts of current or deferred income taxes recognised at 30 September 2020.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

15. TAX EXPENSE (Continued)

(b) Statement of financial position

	Group		Company	
	2020 KShs'00	2019 KShs'000	2020 KShs'000	2019 KShs'000
Balance brought forward	(85,563)	(72,314)	(35,894)	(21,200)
Charge/(credit) for the year	19,495	16,974	4,849	(7,972)
Paid during the year	<u>(27,845)</u>	<u>(30,223)</u>	(5,287)	(6,722)
Balance carried forward	<u>(93,913)</u>	<u>(85,563)</u>	<u>(36,332)</u>	<u>(35,894)</u>
Presented as: Tax recoverable	(93,913)	(93,118)	(36,332)	(35,894)
Tax payable	—	7,555	—	—
	<u>(93,913)</u>	<u>(85,563)</u>	<u>(36,332)</u>	<u>(35,894)</u>

(c) Dividend tax account

The Group and the Company have credit balances on the dividend tax accounts of KShs 1,151,423,053 (2019 – KShs 1,129,118,231) and KShs 598,661,175 (2019 – KShs 590,945,495), respectively, which include tax payments to 30 September 2020.

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 KShs 228,055,500 (2019 – KShs 228,055,500) ordinary shares outstanding during the year. Basic and diluted earnings per share are the same.

	Group		Company	
	2020 KShs	2019 KShs	2020 KShs	2019 KShs
Earnings per share on normal operations	0.32	(1.38)	(0.01)	0.43
Earnings per share on biological assets	<u>(0.25)</u>	<u>(0.01)</u>	<u>0.26</u>	<u>(0.20)</u>
Net earnings per share (KShs)	<u>0.07</u>	<u>(1.39)</u>	<u>0.25</u>	<u>0.23</u>

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. The Directors do not recommend the payment of a dividend (2019 – KShs 0.50 (50%)). 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	
	2020 KShs	2019 KShs	2020 KShs	2019 KShs
Dividends per share (KShs)	—	<u>0.50</u>	—	<u>0.50</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	2020	Land and development	Bearer plants	Buildings and improvements	Plant and machinery and implements	Rolling stock	Furniture, fittings and fixtures	Total
		KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Cost or valuation								
At 1 October 2019	8,825,000	756,726	1,192,810	1,059,170	186,883	77,575	12,098,164	
Adjustment	-	-	-	-	(9,506)	1,597	(7,909)	
Additions	-	-	-	-	87,961	4,314	99,919	
Transfer from WIP – Note 18(c)	-	-	270	46,086	-	-	-	46,356
Disposal	-	-	-	-	(205)	(6,532)	(6,881)	
At 30 September 2020	<u>8,825,000</u>	<u>756,726</u>	<u>1,193,080</u>	<u>1,112,695</u>	<u>258,806</u>	<u>83,342</u>	<u>12,229,649</u>	
Depreciation								
At 1 October 2019	-	586,191	8,683	21,805	23,622	1,984	642,285	
Adjustment	-	-	31	4	(5,637)	351	(5,251)	
Charge for the Period	-	6,823	61,075	80,714	41,158	17,579	207,349	
Disposal	-	-	-	(17)	(1,289)	(26)	(1,332)	
At 30 September 2020	-	<u>593,014</u>	<u>69,789</u>	<u>102,506</u>	<u>57,854</u>	<u>19,888</u>	<u>843,051</u>	
Carrying amount as at 30 September 2020	<u>8,825,000</u>	<u>163,712</u>	<u>1,123,291</u>	<u>1,010,189</u>	<u>200,952</u>	<u>63,454</u>	<u>11,386,598</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (continued)

	2019	Land and development	Bearer plants	Buildings and improvements	Plant and machinery and implements	Rolling stock	Furniture, fittings and	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Cost or valuation								
At 1 October 2018	6,766,345	756,726		1,049,055	734,285	269,418	73,278	9,649,107
Revaluation	2,058,655	-		(92,538)	10,104	(78,226)	(6,689)	1,891,306
Transfer from WIP – Note 18(c)	-	-		232,710	206,312	-	-	439,022
Additions	-	-		7,519	108,469	10,922	11,097	138,007
Disposal	-	-		(3,936)	-	(15,231)	(111)	(19,278)
At 30 September 2019	<u>8,825,000</u>	<u>756,726</u>		<u>1,192,810</u>	<u>1,059,170</u>	<u>186,883</u>	<u>77,575</u>	<u>12,098,164</u>
Depreciation								
At 1 October 2018	-	569,945		191,916	104,875	73,432	29,061	969,229
Impairment loss*	-	8,069		1,249	4,692	856	(576)	14,290
Revaluation	-	-		(238,786)	(138,313)	(77,737)	(35,302)	(490,138)
Change for the Period	-	8,177		54,960	50,551	35,048	8,912	157,648
Disposal	-	-		(656)	-	(7,977)	(111)	(8,744)
At 30 September 2019	<u>-</u>	<u>586,191</u>		<u>8,683</u>	<u>21,805</u>	<u>23,622</u>	<u>1,984</u>	<u>642,285</u>
Carrying amount as at 30 September 2019	<u>8,825,000</u>	<u>170,535</u>		<u>1,184,127</u>	<u>1,037,365</u>	<u>163,261</u>	<u>75,591</u>	<u>11,455,879</u>

* Impairment of bearer plants and Coffee machinery under Mweiga Estates Limited due to change in the business of the entity from Coffee growing to Macadamia nuts.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2020**

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Group (continued)

The Group's building and freehold land was revalued on 30 September 2019 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 2019 by Knight Frank Valuers Limited, registered valuers, on replacement cost basis.

There were no idle assets at 30 September 2020 and 2019. There was no property given as security as at 30 September 2020 and 2019.

Carrying amount under historical cost

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

	2020 KShs '000	2019 KShs '000
Cost	2,840,922	2,734,111
Accumulated depreciation	(891,841)	(678,461)
Net book value	<u>1,949,081</u>	<u>2,055,650</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

	2020	Land and development KShs '000	Bearer plants KShs '000	Bulidings and improvements KShs '000	Plant and machinery KShs '000	Rolling stock and implements KShs '000	Furniture, fittings and equipment KShs '000	Total KShs '000
Cost or valuation								
At 1 October 2019	6,819,000	121,511	334,444	202,125	68,623	32,136	7,577,839	
Transfers	-	-	-	-	(138)	138	-	
Adjustments	-	-	-	-	(3,539)	(3,435)	(6,974)	
Additions	-	-	-	2,299	-	1,119	3,418	
Disposal	-	-	-	-	(15)	(144)	(159)	
At 30 September 2020	<u>6,819,000</u>	<u>121,511</u>	<u>334,444</u>	<u>204,424</u>	<u>64,931</u>	<u>29,814</u>	<u>7,574,124</u>	
Depreciation								
At 1 October 2019	-	110,387	3,048	3,976	7,953	1,703	127,067	
Adjustments	-	-	-	-	(3,089)	(910)	(3,999)	
Depreciation	-	510	21,153	14,261	12,691	7,283	55,898	
Disposal	-	-	-	-	(4)	(26)	(30)	
Carrying amount at 30 September 2020	<u>6,819,000</u>	<u>10,614</u>	<u>310,243</u>	<u>186,187</u>	<u>47,380</u>	<u>21,764</u>	<u>7,395,188</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

		2019	Cost or valuation	Land and development	Bearer plants	Bulidings and improvements	Plant and machinery	Rolling stock	Furniture, fittings and equipment	Total KShs '000
				KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	
At 1 October 2018	5,237,345	138,196		358,327		209,850	117,565	49,794	6,111,077	
Transfer from/(to) related parties*	-	(16,685)	-	(27,636)	-	3,024	(577)	565	(13,673)	
Revaluation	1,581,655				2,196	13,336	-	(22,447)	1,457,267	
Transfer from WIP (Note 18(c))	-	-		1,557	2,794	-	-	-	15,532	
Additions	-	-		-	-	-	231	4,323	8,905	
Disposal	-	-		-	-	-	(1,170)	(99)	(1,269)	
At 30 September 2019	6,819,000	121,511		334,444		202,125	68,623	32,136	7,577,839	
Depreciation										
At 1 October 2018	-	124,469		49,124		29,086	36,986	17,303	256,968	
Transfer from/(to) related parties		(14,664)		-	520	(37,204)	(43,680)	(7)	(14,145)	
Revaluation	-	-	(59,220)	(13,144)	11,574	-	(14,975)	(22,077)	(162,181)	
Depreciation	-	582	-	-	-	-	(334)	6,583	46,858	
Disposal	-	-	-	-	-	-	-	(99)	(433)	
Carrying amount at 30 September 2019	6,819,000	11,124		331,396	198,149	60,670	30,433	1,703	127,067	

* The net intercompany transfers relates to bearer plants transfer from Sasini PLC to Mweiga Estates Limited and Coffee machinery from Aristocrats Tea and Coffee Exporters Limited to Sasini PLC.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company (continued)

The Company's building and freehold land was revalued on 30 September 2019 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 2019 by Knight Frank Valuers Limited, registered valuers, on the replacement cost basis.

There were no idle or fully depreciated assets at 30 September 2020 and 2019. In addition, there was no property given as security as at 30 September 2020 and 2019.

Carrying amount under historical cost

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

	2020 KShs'000	2019 KShs'000
Cost	686,991	690,706
Accumulated depreciation	<u>(210,754)</u>	<u>(155,150)</u>
Carrying amount	<u>476,237</u>	<u>535,556</u>

(c) Capital work in progress	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Balance brought forward	89,103	555,032	37,488	118,426
Additions	94,964	54,201	5,114	15,702
Impairment	-	(81,108)	-	(81,108)
Transfer to intangible assets	(10,468)	-	-	-
Transfer to property, plant and equipment – Note 18 (a) and (b)	<u>(46,356)</u>	<u>(439,022)</u>	<u>–</u>	<u>(15,532)</u>
Balance carried forward	<u>127,243</u>	<u>89,103</u>	<u>42,602</u>	<u>37,488</u>

Capital work-in-progress relates to buildings and leasehold improvements under construction and bearer plants that have not gone through full biological transformation. The asset impaired relates to an incomplete biogas plant that could not be operationalised.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

19. INTANGIBLE ASSETS

	Group	Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000
			2019 KShs'000
Cost			
At 1 October 2019/2018	88,554	87,972	44,926
Transfer to related party	-	-	(1,600)
Transfer from WIP	10,468	-	-
Additions	<u>1,660</u>	<u>582</u>	<u>1,660</u>
At 30 September	<u>100,682</u>	<u>88,554</u>	<u>44,986</u>
Amortisation			
At 1 October 2019/2018	76,362	71,942	33,583
Opening balance adjustment	-	(18)	-
Transfer to related party	-	-	(1,600)
Charge for the year	<u>5,376</u>	<u>4,438</u>	<u>3,405</u>
At 30 September	<u>81,738</u>	<u>76,362</u>	<u>35,388</u>
Carrying value			
At 30 September	<u>18,944</u>	<u>12,192</u>	<u>9,598</u>
			<u>11,343</u>

Intangible assets relate to software costs.

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. BIOLOGICAL ASSETS

(a) Group

		Current		Non-current		Sub total KShs'000	Total KShs'000
		Tea produce KShs'000	Sub total KShs'000	Other trees KShs'000	Livestock KShs'000		
2020:							
Carrying value at 1 October 2019	98,532	13,569	112,101				
Gain/(loss) due to biological transformation at fair value		88,006	(3,288)	84,718	(41,812)	3,839	(37,343)
Decreases due to harvest at fair value		-	-	-	(160,807)	-	(160,807)
							47,375
							(160,807)
Carrying value as at 30 September 2020	186,538	10,281	196,819	998,671	14,209	1,012,880	1,209,699
2019							
Carrying value at 1 October 2018	266,200	16,833	283,033	1,033,830	13,148	1,046,978	1,330,011
(Loss)/gains due to biological transformation at fair value	(167,668)	(1,747)	(169,415)	166,350	(2,778)	163,572	(5,843)
Decreases due to harvest at fair value	-	(1,517)	(1,517)	480	-	480	(1,037)
Carrying value as at 30 September 2019	98,532	13,569	112,101	1,200,660	10,370	1,211,030	1,323,131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. BIOLOGICAL ASSETS (Continued)

(a) Group (continued)

The Group is involved in the growing, processing and selling of coffee and tea and breeding of dairy cattle. At 30 September 2020, the Group had 108 (2019 – 114) cows able to produce milk, 65 (2019 – 69) calves that are raised to produce milk in the future, 7 (2019 – 14) bull calves and 262 (2019 – 50) sheep. The Group produced 533,668 (2019 – 710,010) litres of milk with a fair value less cost to sell of KShs 21,157,068 (2019 – KShs 30,771,881) in the year.

The Group has 708 (2019 – 775) hectares of mature coffee bushes. The Group harvested 513,919 (2019 – 985,605) Kgs of coffee.

The Group has 1463 (2019 – 1444) hectares of mature tea bushes and Nil (2019 – 19) hectares of immature tea bushes. The Group harvested 28,699.942 (2019 – 20,070.145) Kgs of green tea leaves.

(b) Company	2020:	Current			Non-current		
		Sub total KShs '000	Other trees KShs '000	Livestock KShs '000	Sub total KShs '000	Total KShs '000	
Coffee produce							
KShs '000		KShs '000	KShs '000	KShs '000			
2020:							
90,512		90,512		124,604		1,851	
Carrying value as at 1 October 2019							
Gains/(losses) due to biological transformation at							
fair value							
Adjustments							
		75,695	75,696	4,014	161	4,175	79,870
		-	-	(890)	-	(890)	(890)
Carrying value as at 30 September 2020		166,207	166,207	127,728	2,012	129,741	295,948

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. BIOLOGICAL ASSETS (continued)

(b) Company (continued)

	Current		Non-current		Sub total KShs '000	Sub total KShs '000	Total KShs '000
	Coffee produce KShs '000	Sub total KShs '000	Other trees KShs '000	Livestock KShs '000			
2019:							
Carrying value as at 1 October 2018	223,123	223,123	56,111	3,367	59,478	282,601	
Gains/(losses) due to biological transformation at fair value	(132,611)	(132,611)	69,530	(1,516)	68,015	(64,596)	
Adjustments	-	-	(1,037)	-	(1,037)	(1,037)	
Carrying value as at 30 September 2019	90,512	90,512	124,604	1,851	126,456	216,968	

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. BIOLOGICAL ASSETS (Continued)

(b) Company (continued)

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Tea produce (Level III)	The valuation model considers the fair value of the un-harvested green leaf as at 30 September 2020. Green leaf volumes were determined by assuming a 7 - day plucking cycle for harvested leaf using October 2020 data. This was then valued using the 2020 similar competitors' out-grower average price.	— Estimated green leaf price per kilogram of KShs 23. (2019: KShs 28.5); — Estimated unharvested green leaf volume as at year-end.	The estimated fair value would increase (decrease) if: — The out-grower green leaf prices per kilogram were higher/(lower); — The estimated unharvested volumes were higher/(lower) — The estimated harvest cycle was longer/(shorter)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

20. BIOLOGICAL ASSETS (Continued)

(b) Company (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Coffee produce (Level III)	The valuation model considers the fair value of the un-harvested coffee berries as at 30 September 2020. Coffee berry volumes were determined by assuming an October 2020 – January 2020 harvest cycle for coffee 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 364 (2019: KShs 229); — 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 4,000 (2019: KShs 1,000 to KShs 4,000); and — Risk-adjusted annual discount rate of 8.3% to 12.73%. (2019 - 8.3% to 12.73%).	The estimated fair value would increase (decrease) if: — The estimated tree prices were higher (lower); and — The risk-adjusted discount rates were lower (higher).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

21. PREPAID LEASES ON LEASEHOLD LAND

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
At 1 October	12,285	12,285	-	-
Transfer to right of use asset	(12,285)	-	-	-
At 30 September	-	<u>12,285</u>	-	-
Amortisation				
At 1 October	1,877	1,776	-	-
Amortisation during the year	-	101	-	-
Transfer to right of use asset	(1,877)	-	-	-
At 30 September	-	<u>1,877</u>	-	-
Carrying value				
At 30 September	<u>-</u>	<u>10,408</u>	<u>-</u>	<u>-</u>

22. RIGHT OF USE ASSET AND LEASE LIABILITIES

The Group and Company have a prepaid lease on land and lease for its office premises. The lease on the office premise typically runs for a period of 7 years, without an option to renew the lease after that date.

Previously, these leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below;

(i) Impact on financial statements

On transition to IFRS 16, the Group and Company recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

	Group		Company	
	1 October 2019 KShs '000			
Right of use assets		46,511		46,511
Transfer from prepaid leases on leasehold land		10,408		-
Lease liabilities		<u>46,511</u>		<u>46,511</u>

When measuring lease liabilities for leases that were classified as operating leases, the Group and Company discounted lease payments using its incremental borrowing rate at 1 October 2019. The weighted- average rate applied is 12.43%.

(ii) Right-of-use assets

Right-of-use assets relate to leased head office

	Group		Company	
	1 October 2019 KShs '000			
Right of use assets		46,511		46,511
Transfer from prepaid leases on leasehold land		10,408		-
Amortisation charge for the year		(15,605)		(15,504)
At 30 September 2020		<u>41,314</u>		<u>31,007</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. RIGHT OF USE ASSET AND LEASE LIABILITIES (Continued)

(ii) Right-of-use assets - continued

As at 30 September 2019, the future minimum lease payments under non-cancellable operating leases for Group and Company were payable as follows

	2019 KShs'000
Maturity analysis – Contractual undiscounted cash flows	
Tenancy	
Less than one year	17,518
Between one and five years	<u>37,274</u>
Total undiscounted lease liability at 31 September	<u>57,792</u>

(iii) Lease liability

	2020 KShs'000
Recognition on initial application	46,511
Interest expense	4,658
Payment in the year	<u>(17,518)</u>
At 30 September 2020	<u>33,651</u>
Amounts due for settlement within one year	15,953
Amounts due for settlement after one year	<u>17,698</u>
At 30 September 2020	<u>33,651</u>

(iv) Amount recognised in profit or loss

	KShs'000
Finance cost on lease liability	<u>4,658</u>
At 30 September 2020	<u>4,658</u>

(v) Amount recognised in the statement of cash flows

	2020 KShs'000
Total cash outflow for leases	<u>17,518</u>

The Group's leasehold land was revalued on 30 September 2019 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 4.2 billion (2019 – KShs 4.2 billion). The revaluation has not been adopted in the financial statements.

23. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 KShs'000	2019 KShs'000
As at 1 October 2019 and 2018	145,797	145,797
Increase in shares	<u>444,100</u>	—
As at 30 September 2020	<u>589,897</u>	<u>145,797</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

23. INVESTMENT IN SUBSIDIARIES (Continued)

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

Name of subsidiary	2020		2019	
	Percentage held %	Cost KShs'000	Percentage held %	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 Coffee & Tea Exporters Limited	100	1,000	100	1,000
Sasini Avocado Limited	100	10,000	100	10,000
Sasini Avocado EPZ Limited	1000	100	-	-
Sasini Nuts EPZ Kenya Limited	100	234,000	100	10,000
Sasini EPZ Park Limited	100	<u>230,000</u>	100	<u>10,000</u>
		<u>589,897</u>		<u>145,797</u>

Consolidated financial statements have been prepared incorporating the financial statements of the Company and its subsidiaries made up to 30 September 2020 and 2019.

24. INVENTORIES

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Raw materials, components	-	3,647	-	-
Made tea	138,802	203,716	-	-
Tea and tree nurseries	6,296	5,074	-	-
Coffee	48,178	162,309	46,985	146,880
Estate stores	186,565	170,890	34,212	50,193
Macademia nuts	<u>191,280</u>	<u>262,459</u>	<u>-</u>	<u>-</u>
	571,121	808,095	81,197	197,073
Inventories provision	(<u>3,458</u>)	(<u>7,306</u>)	<u>-</u>	<u>-</u>
	<u>567,663</u>	<u>800,789</u>	<u>81,197</u>	<u>197,073</u>

The amount of inventories recognised as an expense is KShs 671,701,097 Group and KShs 116,730,963 – Company (2019 – KShs 482,618,359 – Group and KShs 117,762,995 – Company) which was recognised in cost of sales.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Trade receivables	287,863	210,496	126,657	74,391
Allowances for impairment	(86,828)	(104,129)	(40,781)	(66,771)
Net trade receivables	201,035	106,367	85,876	7,620
Prepaid expenses	105,061	126,514	14,286	12,284
Other receivables	82,933	76,068	43,898	23,747
Value Added Tax (VAT) recoverable	142,081	141,661	44,361	46,086
	531,110	450,610	188,421	89,737
Allowances for impairment:				
	Group	2019	2020	2019
	2020	2019	KShs'000	KShs'000
	KShs'000	KShs'000	KShs'000	KShs'000
At beginning of the year	104,129	23,441	66,771	106
Impairment loss recognized 1 October 2019	-	45,105	-	38,836
Impairment (reversal)/loss charge for the year	(17,301)	35,583	(25,990)	27,829
	86,828	104,129	40,781	66,771
Age analysis of trade receivables:				
Less than 30 days	182,614	81,019	84,062	-
31 to 90 days	14,066	20,983	-	-
Over 90 days (past due but not impaired)	4,355	4,365	1,814	7,620
Over 90 days (past due and impaired)	86,828	104,129	40,781	66,771
	287,863	210,496	126,657	74,391

26. RELATED COMPANIES BALANCES - Amount due from related companies:

<i>Entity under common control</i>				
Sameer Agriculture and Livestock	-	1,000	-	-
<i>Subsidiaries:</i>				
Mweiga Estates Limited	-	-	-	4,390
Aristocrats Tea & Coffee Exporters Limited	-	-	34,502	33,911
Kipkebe Limited	-	-	-	7,250
Sasini Fruits and Nuts EPZ Kenya Ltd	-	-	154,494	475,736
Sasini EPZ Park Limited	-	-	28,796	237,133
Sasini Avocado Limited	-	-	5,970	27,610
Sasini Avocado EPZ Limited	-	-	22,846	-
Provision for related party receivables-			(4,594)	(8,258)
	1,000	242,014	777,772	

The amounts outstanding are unsecured and will be settled in cash. Interest is charged to Sasini Fruits and Nuts Epz Kenya Limited at 9%. The other balances are interest free.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

27. CASH AND BANK BALANCES

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Cash on hand	2,479	2,592	964	743
Bank balances	352,258	284,354	244,591	138,883
Short term deposit	<u>238,952</u>	<u>142,318</u>	<u>72,048</u>	<u>2,293</u>
	<u>593,689</u>	<u>429,264</u>	<u>317,603</u>	<u>141,919</u>

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

28. SHARE CAPITAL

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Authorised:				
At 1 October 2018/2019 and 30 300,000,000 ordinary shares of KShs 1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:				
At 1 October 2018/2019 and 30 228,055,500 ordinary shares of KShs 1 each	<u>228,055</u>	<u>228,055</u>	<u>228,055</u>	<u>228,055</u>

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

29. RESERVES	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
(a) Non-distributable reserves				
Revaluation reserve	9,833,774	9,742,812	7,078,272	7,046,471
Capital reserve	98,530	98,530	40,594	40,594
Defined benefit reserve	112,725	50,839	8,818	5,714
Biological assets fair value reserve	<u>159,401</u>	<u>195,370</u>	<u>132,414</u>	<u>73,179</u>
	<u>10,204,430</u>	<u>10,087,551</u>	<u>7,260,098</u>	<u>7,165,958</u>
(b) Distributable reserves				
Retained earnings	<u>2,316,442</u>	<u>2,264,204</u>	<u>1,123,216</u>	<u>1,124,739</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
(c) Non-controlling interest	<u>304,138</u>	<u>305,245</u>	<u>—</u>	<u>—</u>

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

30 September 2020	Mweiga Estate Limited 15%	Wahenya Limited 15%	Total NCI
In KShs'000			
NCI percentage			
Non-current assets	2,002,887	-	
Current assets	154,325	4,747	
Non-current liabilities	(130,415)	-	
Current liabilities	(2,987)	(968)	
 Net assets underlying NCI	 2,023,810	 3,779	
 Underlying NCI	 303,571	 567	 304,138
Revenue	95,675	-	
Profit	12,649	1,343	
OCI	17,051	-	
 Total comprehensive income	 29,700	 1,343	
Profit allocated to NCI	(3,865)	201	(3,664)
OCI allocated to NCI	2,557	-	2,557
Cash flows from operating activities	(25,767)	(2,453)	
Cash flows from investing activities	38,417	-	
Cash flows from financing activities	-	(38,417)	
 Net indecrease in cash and cash equivalents	 (12,650)	 (40,870)	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

29. RESERVES (Continued)

(c) Non-controlling interest (continued)

30 September 2019	Mweiga Estate Limited 15%	Wahenya Limited 15%	Total NCI
In KShs'000			
NCI percentage			
Non-current assets	1,988,639	-	
Current assets	173,397	46,791	
Non-current liabilities	(144,403)	-	
Current liabilities	(23,522)	(5,938)	
Net assets underlying NCI	1,994,111	40,853	
Underlying NCI	299,117	6,128	305,245
Revenue	98,430	-	
Profit	80,560	11,054	
OCI	442,418	-	
Total comprehensive income	621,408	11,054	
Profit allocated to NCI	(21,966)	1,658	(20,308)
OCI allocated to NCI	66,363	-	66,363
Cash flows from operating activities	(67,084)	17,787	
Cash flows from investing activities	209,392	-	
Cash flows from financing activities	(235,000)	(227,000)	
Net indecrease in cash and cash equivalents	(92,692)	(209,213)	

Revaluation reserve

The revaluation reserve for the year ended 30 September 2019 and 2020 relates to increases in the fair value of property, plant and equipment recognized 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 recognized in equity. The fair value movements are recognized 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

These capital reserves relates to historical capital redemption reserves that are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

30. DEFERRED TAX ASSET/LIABILITY

Recognised deferred tax assets/liabilities:

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

Group	Impact of change in rate				Current year movement			Balance at 30 September KShs '000
	Prior year under/(over)	through P&L KShs '000						
2020								
Balance at 1 October KShs '000								
Property, plant and equipment	921,873	(15)	13,281	(95,201)	(10,253)	(665)	829,020	
Other temporary differences	(154,962)	(13)	22,441	(3,729)	19,340	19,490	(97,433)	
Biological assets	396,940		(66,157)		(28,358)		302,425	
Tax losses	(136,543)		2,330	22,335	34,461		(77,417)	
1,027,308	2,302	(8,100)	(98,930)	15,190	18,825	956,595		
2019								
Balance at 1 October KShs '000								
Property, plant and equipment	713,719	-	(8,131)	16,516	199,769	921,873		
Other temporary differences	(180,185)	-	(3,570)	36,151	6,944	(154,962)		
Biological assets	398,727	-	(34)	(1,753)	-	396,940		
Tax losses	(56,828)	56,828	-	(136,543)	-	-	(136,543)	
875,433	56,828	(14,302)	(11,735)	(85,629)	206,713	1,027,308		

SASINI PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

30. DEFERRED TAX ASSET/LIABILITY (Continued)

Company

		Balance at 1 October KShs '000	Prior year under/(over) through P&L KShs '000	Impact of change in rate		Current year through OCI KShs '000	Balance at 30 September KShs '000
				through P&L KShs '000	through OCI KShs '000		
2020							
		400,484	(15)	15,540	(31,801)	(8,862)	375,346
		(37,410)	(199)	5,860	(408)	14,009	(17,249)
		65,090	-	(10,848)		19,745	73,987
		(20,015)		2,613	2,900	(1,944)	(16,446)
		408,149	2,399	13,452	(32,209)	22,948	899
2019							
		Balance at 1 October KShs '000	Day 1 adjustment on IFRS 9 KShs '000	PY under/over through P&L KShs '000	Current year movement through P&L KShs '000	Through OCI KShs '000	Balance at 30 September KShs '000
		313,519	-	(8,132)	4,676	90,421	400,484
		(17,597)	(14,248)	(392)	(5,373)	200	(37,410)
		84,503	-	(34)	(19,379)	-	65,090
		-	-	-	(20,015)	-	(20,015)
		380,425	(14,248)	(8,558)	(40,091)	90,621	408,149

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

30. DEFERRED TAX ASSET/LIABILITY (Continued)

Presented in the statement of financial position as below:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Entities with net deferred tax asset	(7,582)	(8,865)	-	-
Entities with net deferred tax liability	<u>964,177</u>	<u>1,036,173</u>	<u>415,638</u>	<u>408,149</u>
	<u>956,595</u>	<u>1,027,308</u>	<u>415,638</u>	<u>408,149</u>

Unrecognised deferred tax asset:

Deferred tax assets of KShs 84,456,025 have not been recognized in respect of tax losses relating to subsidiaries (Mweiga Estates Limited and 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.

Tax losses – Group

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	Entity		Total KShs	Year of expiry
	Wahenya Limited	Mweiga Estates Limited		
	KShs	KShs		
2012	39,059,436	44,490,596	83,550,032	2021
2013	17,811,951	76,100,233	93,912,184	2022
2014	12,869,181	21,297,246	34,166,427	2023
2015	12,612,170	5,215,012	17,827,182	2024
2016	-	18,743,979	18,743,979	2025
2017	-	-	-	2026
2018	-	23,576,732	23,576,732	2027
2019	-	52,628,212	52,628,212	2028
2021	-	13,419,354	13,419,354	2029
Total	82,352,738	255,471,364	337,824,102	

(b) Aging of tax losses for which deferred tax is recognized

Year of origin	Entity		Total Amounts KShs	Year of expiry
	Sasini PLC Amounts KShs	Kipkebe Limited Amounts KShs		
2019	65,784,819	243,880,238	309,665,057	2028

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

31. POST EMPLOYMENT BENEFITS	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Balance brought forward	334,280	332,130	32,613	30,267
Paid during the year	(87,428)	(28,608)	(12,536)	(2,728)
Charge for the year	40,275	53,904	4,552	5,739
Remeasurements	(77,958)	(23,146)	(3,595)	(665)
Balance carried forward	209,169	334,280	21,034	32,613
Non-current portion	197,101	309,534	20,055	26,893
Current portion	12,068	24,746	979	5,720
	209,169	334,280	21,034	32,613
Charged to profit or loss				
Current service costs	8,630	38,517	1,566	2,140
Interest costs	31,645	15,387	2,986	3,599
	40,275	53,904	4,552	5,739
Credited to other comprehensive income (OCI)				
Actuarial gain on obligation	(77,958)	(23,146)	(3,595)	(665)
Related tax	19,490	6,944	899	200
Net amount credited to OCI	(58,468)	(16,202)	(2,696)	(465)

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 2019 and 2020.

The principle assumptions used were as follows:

	2020	2019
Discount rate	10.75%	10.69%
Future salary increases	8.00%	9.00%

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.

A 1% increase in discount rate:	Group		Company	
	Increase	Decrease	Increase	Decrease
Liability at 30 September 2020 (KShs '000)	197,234	222,342	19,126	23,235
Liability at 30 September 2019 (KShs '000)	316,996	353,410	30,116	35,494

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

31. POST EMPLOYMENT BENEFITS (Continued)

Sensitivity analysis (continued)

A 1% increase in salaries:	Group Increase	Decrease	Company Increase	Decrease
Liability at 30 September 2020 (KShs '000)	<u>221,628</u>	<u>197,643</u>	<u>22,653</u>	<u>19,586</u>
Liability at 30 September 2019 (KShs '000)	<u>353,382</u>	<u>316,732</u>	<u>35,497</u>	<u>30,076</u>

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Trade payables	35,772	37,486	17,902	29,468
Other payables	<u>281,921</u>	<u>259,322</u>	<u>117,300</u>	<u>1,293</u>
	<u>317,693</u>	<u>296,808</u>	<u>135,202</u>	<u>30,761</u>

33. CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of profit /(loss) before tax to cash generated from operations:

	Group		Company	
	2020 KShs'000	2019 KShs'00	2020 KShs'000	2019 KShs'000
Profit/(loss) before tax	41,492	(361,299)	101,360	(3,858)
Adjustments for:				
Depreciation and amortisation	228,330	162,187	74,807	50,812
Realised foreign exchange loss on borrowings and cash	19,244	2,002	19,244	2,002
Impairment of work in progress	-	81,108	-	81,108
Impairment of property, plant and equipment	-	14,290	-	-
Impairment of financial assets at FVOCI	-	525	-	-
Interest income	(14,100)	(49,075)	(15,880)	(24,229)
Interest on Lease Liability	4,658		4,658	-
Interest cost	9,667	15,314	9,667	15,314
Gratuity provision	40,275	53,904	4,552	5,739
Loss/(gain) on disposal of property and equipment	(1,221)	2,626	(49)	13
Dividend income	-	-	-	(199,750)
Biological assets adjustments	-	(28)	-	1,037
Biological asset transformation	(47,375)	5,843	(78,980)	64,596
Biological assets harvest	<u>160,807</u>	<u>1,037</u>	-	-
Operating profit/(loss) before working capital changes	<u>441,777</u>	<u>(71,566)</u>	<u>119,379</u>	<u>(7,216)</u>

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

33. CASH FLOWS GENERATED FROM OPERATIONS (Continued)

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Working capital changes:				
Inventories	233,126	(389,077)	115,876	(117,515)
Trade and other receivables	(80,500)	234,606	(98,684)	124,878
Related party balances*	1,000	-	107,546	15,182
Trade and other payables	<u>20,885</u>	<u>(114,787)</u>	<u>104,441</u>	<u>(80,169)</u>
Cash flows generated from/(used in) operating activities	<u>616,288</u>	<u>(340,824)</u>	<u>348,558</u>	<u>(64,840)</u>

*2019 and 2020 movements are net of property and equipment transfers at Company level.

* 2020 movement are net off increase in shares as per note 23.

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	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Ryce East Africa Limited	2,041	1,103	1,964	403
Yansam East Africa Limited	913	6,945	-	-
Sameer Management Limited	3,248	3,150	-	-
Sameer Agriculture Limited	-	306	-	306
Yana Tyre Centre	<u>293</u>	<u>724</u>	<u>239</u>	<u>600</u>
	<u>6,495</u>	<u>12,228</u>	<u>2,203</u>	<u>1,309</u>

The above purchases relate to entities under common control

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

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Short term employee benefits	56,929	50,044	37,234	32,153
Post-employment benefits	<u>5,290</u>	<u>4,499</u>	<u>3,912</u>	<u>3,337</u>
	<u>62,219</u>	<u>54,543</u>	<u>41,146</u>	<u>35,490</u>

(c) Directors emoluments

Fees and sitting allowances	8,350	8,545	8,350	8,545
Other remuneration	<u>26,403</u>	<u>28,774</u>	<u>26,403</u>	<u>28,774</u>
	<u>34,753</u>	<u>37,319</u>	<u>34,753</u>	<u>37,319</u>

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

SASINI PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

35. CAPITAL COMMITMENTS

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Authorised and contracted for	<u>40,891</u>	<u>54,401</u>	<u>5,490</u>	<u>11,067</u>

36. CONTINGENT LIABILITIES

There are certain pending legal claims brought against the Group and Company at 30 September 2020 and 2019. In particular, litigations relating to Collective Bargaining Agreement for one of the subsidiaries for the years 2014 and 2015 is pending determination at the Court of Appeal. In the opinion of the directors and after taking appropriate legal advice the outcome of the legal claims will not give rise to any significant loss beyond the amounts provided for in these financial statements.

37. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	KShs'000	KShs'000	KShs'000	KShs'000
Balance as at 1 October 2019/2018	114,488	-	114,488	-
Amounts borrowed during the year	595,350	518,155	595,350	518,155
Repayment of loan in the year	(729,082)	(408,419)	(729,082)	(408,419)
Exchange loss	19,244	2,002	19,244	2,002
Accrued interest	—	2,750	—	2,750
Balance at 30 September	—	114,488	—	114,488

During the year, Sasini PLC obtained an unsecured short term loan from Standard Chartered Bank Kenya PLC of USD 5.6 million. The interest rate charged on the loan is 4.25% per annum above 3 months LIBOR on maturity of the facility. The Shorterm loans brought forward are facility from Absa Bank Kenya Limited , the interest rate charged was 6% per annum above 3 months Libor on maturity and has since be fully paid.

38. EVENTS AFTER REPORTING DATE

On 23 December 2020, the Kenyan government enacted the Tax Laws (Amendment) (No.2) Bill, 2020 which reinstated the tax concessions that the government had provided on 25 April 2020 to mitigate the impact of Covid-19 as disclosed at Note 5, including reinstating the corporate tax rate to 30% from 25%, effective from 1 January 2021. This increase does not affect the amounts of current or deferred income taxes recognised as at 30 September 2020 for the group and company. However, this change will increase the Group and Company's future current tax charge accordingly. If the new tax rate were applied to calculate taxable and deductible temporary differences as at 30 September 2020, the effect would be that net recognised deferred tax liability at Note 30 would increase by KShs 191,319,000 and KShs 83,128,000 respectively for the Group and Company.

SASINI PLC

FIVE YEAR COMPARATIVE STATEMENTS

PRODUCTION AND SALES STATISTICS	2020	2019	2018	2017	2016
TEA					
Area – Hectares	1,463	1,463	1,463	1,463	1,463
Production – Tonnes	12,445	9,318	10,804	11,209	11,108
Sales – Tonnes	12,803	9,200	10,603	11,280	10,721
Sales proceeds - KShs/Kg	175	165	207	206	193
COFFEE					
Area – Hectares	775	775	775	775	775
Production – Tonnes	514	986	891	851	944
Sales – Tonnes	691	797	873	882	993
Sales proceeds - KShs'000/tonne	468	313	436	532	465
RESULTS	2020	2019	2018	2017	2016
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Turnover	<u>4,145,408</u>	<u>2,794,830</u>	<u>3,515,220</u>	<u>4,201,195</u>	<u>3,570,629</u>
(Losses)/gains arising from changes in fair value less costs to sell	(<u>47,375</u>)	(<u>5,843</u>)	<u>55,559</u>	<u>81,746</u>	(<u>117,997</u>)
Profit/(loss) before taxation and non- controlling interest	41,492	(<u>361,299</u>)	448,806	520,921	759,818
Taxation credit /(charge)	(<u>28,887</u>)	<u>23,562</u>	(<u>155,283</u>)	(<u>181,514</u>)	(<u>182,833</u>)
Profit/(loss) after taxation before non- controlling interests	<u>12,605</u>	(<u>337,737</u>)	<u>293,523</u>	<u>339,407</u>	<u>576,985</u>
Made up as shown below:					
Profit/(loss) arising from operating activities	74,258	(<u>314,197</u>)	256,606	288,961	670,253
(Loss)profit arising from changes in fair value less costs to sell after tax	(<u>57,989</u>)	(<u>3,232</u>)	38,891	57,222	(<u>82,598</u>)
Non-controlling interest	(<u>3,664</u>)	(<u>20,308</u>)	(<u>1,974</u>)	(<u>6,776</u>)	(<u>10,670</u>)
	<u>12,605</u>	(<u>337,737</u>)	<u>293,523</u>	<u>339,407</u>	<u>576,985</u>
Dividends	<u>—</u>	(<u>114,028</u>)	(<u>228,056</u>)	(<u>228,056</u>)	(<u>342,083</u>)

SASINI PLC

FIVE YEAR COMPARATIVE STATEMENTS

CAPITAL EMPLOYED	2020	2019	2018	2017	2016
	KShs '000				
Property, plant and equipment	11,386,598	11,455,879	8,679,878	8,827,710	8,888,273
Intangible assets	18,944	12,192	16,030	4,871	7,275
Biological assets	1,012,880	1,211,030	1,046,978	1,171,379	1,097,036
Right of use assets	41,314	10,408	10,509	17,585	17,838
Capital work-in-progress	127,243	89,103	555,032	188,688	58,724
Other investments	-	-	525	525	525
Deferred tax asset	7,582	8,865	6,997	97	26,192
Net current assets	<u>1,637,480</u>	<u>1,443,261</u>	<u>2,186,352</u>	<u>2,281,229</u>	<u>2,439,953</u>
	<u>14,232,041</u>	<u>14,230,738</u>	<u>12,502,301</u>	<u>12,492,084</u>	<u>12,535,816</u>
FINANCED BY					
Share capital	228,055	228,055	228,055	228,055	228,055
Reserves	12,520,872	12,351,755	10,686,577	10,610,693	10,527,681
Non-controlling interests	304,138	305,245	295,123	306,087	320,800
Proposed dividend	-	-	114,028	171,042	285,069
Equity	<u>13,053,065</u>	<u>12,885,055</u>	<u>11,323,783</u>	<u>11,315,877</u>	<u>11,361,605</u>
Non-current liabilities	<u>1,178,876</u>	<u>1,345,683</u>	<u>1,178,518</u>	<u>1,176,207</u>	<u>1,174,211</u>
	<u>14,232,041</u>	<u>14,230,738</u>	<u>12,502,301</u>	<u>12,492,084</u>	<u>12,535,816</u>
RATIOS					
Earnings per share on operating activities (KShs)	0.33	(1.38)	1.13	1.27	2.94
Earnings/(loss) per share on biological assets (KShs)	(0.25)	(0.01)	0.17	0.25	(0.36)
Dividend per share (KShs)	-	0.50	1.00	1.00	1.50
Dividend cover (times covered)	-	(1.38)	1.13	1.27	1.96
Capital employed per share	62.48	62.4	54.82	54.78	54.97

FORM OF PROXY

I / We.....

Of.....being a member/

members of Sasini Plc, do hereby appoint

of.....

or failing him/herof.....
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, 5 March 2021 and at any
adjournment thereof.

As witness my/our hand(s) this..... day of 2021.

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, at 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.

FOMU YA UWAKILISHI

Mimi/Sisi _____ wa
 wa _____ nikiwa/ tukiwa mwanachama/wanachama
 Sasini PLC _____ namchagua/twamchagua
 _____ wa _____ au akikosa yeye
 _____ wa _____ akikosa, Mwenyekiti
 aliyechaguliwa wa Mkutano kuwa mwakilishi wangu/wetu, kumipiga/kutupigia kura kwa niaba
 yangu/yetu kwenye Mkutano Mkuu wa Mwaka wa Kampuni utakaofanyika Ijumaa, tarehe 5 Machi
 2021 na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya _____ 2021
 Sahihi _____

Maelezo

1. Mwanachama mwenye haki ya kuhudhuria na kupiga kura anastahili kumchagua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake na mwakilishi si lazima awe mwanachama wa kampuni.
2. Katika hali ambapo mwanachama ni kampuni, fomu hii lazima ijjazwe chini ya muhuri wa kawaida au kwa idhini ya afisa au mwanasheria aliyeidhinishwa kwa maandishi.
3. Fomu ya uwakilishi lazima ifikishwe kwa Image Registrars Limited kabla ya siku ya Jumatano, _____ saa _____ asubuhi.

Fomu za Uakilishi zilizojazwa zipelekwe kwa njia ya posta kwa Image Registrars Limited S.L.P. 9287-00100 Nairobi au zipelekwe kwa mkono katika afisi zao Absa Towers , Ghorofa ya 5, Barabara ya Loita. Au pia fomu za uakilishi zilizojazwa kisawa zinaweza kupigwa picha na kutumwa kwa info@image.co.ke kwa muundo wa PDF.