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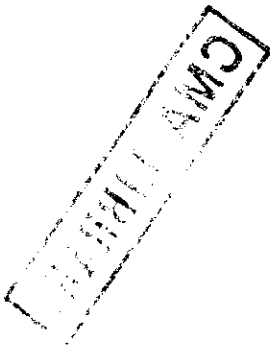
Form of Proxy

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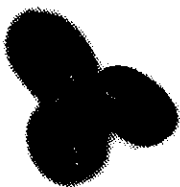
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SORTING COFFEE BERRIES AT WAHENYA ESTATE

2007/0055

COMPANY INFORMATION

DIRECTORS

M W Harley (*Chairman*)

N N Merali, *EBS*

I A Timamy, *CPS (Kenya)*

G W Gichuki, *BA (alternate: C G Mwangi)*

H A Valentine

M N Omar

A H Butt, *CPA (Kenya), FCCA*

M H Da Gama-Rose, *BA*

D A Schumacher, *BSME (Managing)**

**American*

SECRETARY

I A Timamy, *CPS (Kenya)*

REGISTERED OFFICE

Sasini House

Loita Street

PO Box 30151

Nairobi

AUDITORS

Coopers & Lybrand

Certified Public Accountants of Kenya

PO Box 30158

Nairobi

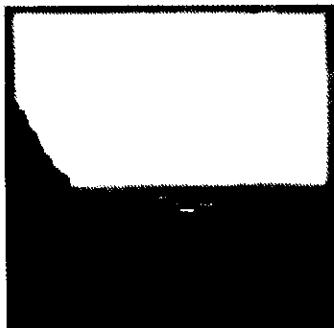
BANKERS

Barclays Bank of Kenya Limited

Kenya Commercial Bank Limited

First American Bank of Kenya Limited

Equatorial Commercial Bank Limited



KIPKEBE FACTORY FROM A DISTANCE

NOTICE OF MEETING

Notice is hereby given that the 46th ANNUAL GENERAL MEETING of the members will be held at Grand Regency Hotel, Nairobi on Thursday, 12th March, 1998 at 11.00 am for the following purposes:

1. To confirm the minutes of the 45th Annual General Meeting held on 7th March, 1997.
2. To receive, consider and if deemed fit, adopt the financial statements for the year ended 30th September, 1997 together with the reports thereon of the directors and of the auditors.
3. To confirm the interim dividends of 30% and 20% paid on 21st July, 1997 and 1st December, 1997 respectively, and to declare a final dividend of 10%.
4. (a) To elect Directors.
(b) Mr M W Harley, a director also retiring by rotation but having attained the age of 70 years, vacates office under Section 186(2) of the Companies Act (Cap. 486). Special notice has been received by the Company pursuant to Section 142 of the Companies Act of the intention to propose the following resolution, in accordance with Section 186 (5) of the said Act, to be considered and if thought fit, passed by the members:
"That Mr M W Harley, a director who has attained the age of 70 years, be and is hereby re-elected as a director of the Company."
5. To confirm the Directors' emoluments.
6. To authorise the Directors to fix the auditors' remuneration.
7. To transact any other business which may be transacted at an Annual General Meeting.

8. **Special Business**

To consider and if thought fit, pass the following ordinary resolutions:

Resolution No. 1

That the authorised share capital of the company be increased from Shillings One Hundred and Fifty Million

(KShs 150,000,000) to Shillings Two Hundred Million (KShs 200,000,000), by the creation of a further Ten Million (10,000,000) Ordinary Shares of Shillings Five (KShs 5) each, such shares ranking *pari passu* in all respects with the existing stock units.

Resolution No. 2

That it is desirable to capitalise the sum of KShs 63,348,750, being part of the sum standing to the credit of the Revenue Reserves, and that accordingly, subject to approval by the Capital Markets Authority and the Nairobi Stock Exchange, such sum be set free for distribution amongst the stockholders of the Company on the register on 12th March, 1998, on the condition that the same be not paid in cash, but be applied in paying up in full at par 12,669,750 new shares of KShs 5 each in the capital of the Company, and that such 12,669,750 shares, credited as fully paid up, be accordingly allotted to such persons respectively in the proportion of one such share for every two of the 25,339,500 stock units then held by such persons respectively, and that the shares so distributed shall be treated for all purposes as an increase of the nominal amount of capital of the Company held by each such stockholder, and not as income, and the Directors are hereby authorised and directed to give effect to this resolution.

Resolution No. 3

That should any of the said 12,669,750 bonus shares not be issued by reason of fractions of shares being disregarded, the Directors may allot and issue the same to such persons and upon such terms and conditions as they may think fit.

Resolution No. 4

That immediately upon the issue and allotment provided for in the foregoing resolution, the 12,669,750 shares of KShs 5 each, so issued and allotted, be converted into stock transferable in units of KShs 5 each.

By order of the Board

I A TIMAMY

Company Secretary

Nairobi, 9th February, 1998

Notes: A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf, and such a proxy need not be a member of the Company.

The form of proxy is attached on page 31.

The final dividend, if approved, will be paid on or about 16th March, 1998 to the members on the register at close of business on 3rd March, 1998.

The bonus issue will be effected on or about 12th March, 1998, to the members on the register at close of business on 12th March, 1998.

ILANI YA MKUTANO

Ilani inatolewa hapa kuwa mkutano mkuu wa 46 wa mwaka utafanyika Grand Regency Hotel, tarehe 12 Machi 1998 saa tano mchana kwa madhumuni yafuatayo :

1. Kuidhinisha yaliyosemwa kwenye mkutano mkuu wa 45 wa kila mwaka uliofanyika tarehe 7 Machi 1997.
2. Kupokea, kuchunguza na ikionekana sawa kuidhinisha hesabu za pesa za mwaka uliomalizikia 30 Septemba 1997 pamoja na taarifa za wakurugenzi na wakaguzi wa hesabu za pesa.
3. Kuidhinisha gawio la muda la asilimia 30 lililolipwa tarehe 21, Julai, 1997, gawio la pili la muda la asilimia 20 lililolipwa tarehe 1 Desemba, 1997 na kutangaza gawio la mwisho la asilimia 10.
4. (a) Kuchagua wakurugenzi.
(b) Bw. M.W. Harley, mkurugenzi ambaye pia anastaafu kwa zamu lakini kwa kufikisha umri wa miaka 70, anaacha ofisi kwa mujibu wa sehemu 186(2) ya sheria za makampuni (Ibara 486). Ilani maalum imepokelewa na kampuni kwa kufuatia sehemu 142 ya sheria za makampuni ikiwa na nia ya kupendekeza azimio lifuatalo kufuatana na sehemu 186(5) ya sheria hiyo, lichunguzwe na ikionekana sawa likidhinishwe na wanachama:
"Kuwa Bw M W Harley ambaye ni mkurugenzi aliyefikisha umri wa miaka 70, awe na hapa anachaguliwa tena kama mkurugenzi wa kampuni."
5. Kuidhinisha malipo ya wakurugenzi.
6. Kuwapa wakurugenzi mamlaka ya kuamua malipo ya wakaguzi wa hesabu za pesa.
7. Kushughulikia jambo jingine lolote linaloweza kushughulikiwa katika mkutano wa kila mwaka.
8. **Shughuli maalum**
Kuchunguza na ikionekana sawa, kuidhinisha maazimio ya kawaida yafuatayo :

Fahamu: Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu anaweza kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake na mwakilishi huyo si lazima awe mwanachama wa kampuni. Fomu ya wakala imewekwa ukurasa wa 31.

Ikiidhinishwa malipo ya mwisho yatalipwa tarehe 16 Machi 1998 au wakati karibu na hapo kwa wanachama walio katika kitabu cha orodha wakati wa kufunga biashara tarehe 3 Machi 1998.

Ikiidhinishwa, hisa za bakshishi zitatolewa tarehe 12 Machi 1998 au karibu na hapo kwa wanachama walio katika kitabu cha orodha kufikia wakati wa kufunga biashara tarehe 12 Machi 1998.

Azimio Nambari 1

Kuwa rasilimali ya hisa inayoruhusiwa iongezwe kutoka shilingi milioni mia moja na hamsini (KShs 150,000,000/=) hadi shilingi milioni mia mbili (KShs 200,000,000/=) kwa kuzalishwa zaidi hisa milioni kumi (10,000,000) za kawaida za shilingi tano (KShs 5) kwa kila moja, hisa hizo zikiwekwa sawa katika hali zote na rasilimali iliyopo.

Azimio Nambari 2

Kuwa ni bora kuongeza rasilimali jumla ya KShs 63,348,750 ikiwa ni sehemu ya jumla ya idadi iliyobaki katika akiba ya mapato na kwa hiyo ikitegemea kibali kutoka kwa halmashauri ya soko la rasilimali na soko la hisa la Nairobi, hesabu hiyo iachwe huru kugawanywa miongoni mwa wana hisa wa kampuni walioko katika kitabu cha orodha kufikia tarehe 12 Machi 1998 kwa sharti kuwa kiwango hicho hakitalipwa kwa pesa taslimu lakini kitatumiwa kulipa kikamilifu hisa mpya 12,669,750 za KShs 5 kila moja katika rasilimali ya kampuni na kuwa hisa hizo 12,669,750 kuandikwa kama zimelipwa kikamilifu na hivyo kugawanywa kisawa kwa kila mtu kwa kiwango kadiri cha hisa moja kwa kila hisa mbili katika hisa 25,339,500 zinazomilikiwa na wanahisa hao na kuwa hisa hizo zitakazogawa nywa zitachukuliwa kwa nia zote kama ongezeko la idadi ya rasilimali ya kampuni inayomilikiwa na kila hisa na sio kama pato na wakurugenzi wanaidhinishwa hapa na kuamrisha kutekeleza azimio hili.

Azimio Nambari 3

Kuwa ikiwa hisa hizo 12, 669, 750 za bakshishi hazitolewa kwa sababu ya sehemu za hisa kutotiliwa maanani, wakurugenzi wanaweza kugawa na kutoa hizo sehemu kwa watu hao kwa mujibu wa sheria na masharti kama watakvayofikiria ni sawa.

Azimio Nambari 4

Kuwa mara moja zitakapotolewa na kugawanywa kulingana na azimio lililotangulia, hisa 12,669,750 za KShs 5 kila moja zilizotolewa na kugawanywa zigeuzwe kuwa rasilimali inayoweza kuhamishwa katika hisa za KShs 5 kila moja.

Kwa Amri ya Halmashauri

I A TIMAMY

Katibu wa Kampuni

Nairobi, 9th February, 1998

CHAIRMAN'S STATEMENT

Last year I closed my statement to you by saying that our aim for this year was to exceed the 1995/96 profit attributable to the members of Sasini Tea And Coffee Limited. I am very pleased to report that we exceeded the previous year's profit after tax by more than 50%. I also said that we would produce and sell more tea but less coffee. Unfortunately, Kenya was to experience one of the country's most severe and enduring droughts in recent history, and with the drought came severely depressed production of both tea and coffee. However, because of strong international demand for both commodities, much higher prices were achieved. Our revenue was also bolstered by our value addition programs for tea trading and dairy products. These new ventures, implemented during the year, have initially been very successful.

The drought which lasted roughly 5 months from November 1996 through March 1997, reduced our own tea production by more than 29% compared with the previous year and killed almost 60 hectares of tea bushes. Fortunately, we have newly planted areas coming into production shortly, which will help mitigate this loss. Despite the adverse conditions, our tea quality was very good throughout the period, and the resulting sales turnover for tea was 28% higher than the previous year due mainly to improved prices.

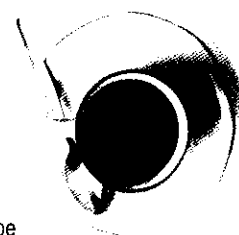
Coffee also suffered from a production downturn of nearly 30%, however sales turnover was up by 16% above last year's figure as average prices rose by over 63% to around \$3,600 per tonne. Once again the coffee side of our group operations performed well by contributing 28% of the group's profit from operations for the year before tax.

The Sasini Group's pre-tax profit before the share of the Associated Company, Garton Limited, increased by 85% over the previous year to KShs 165.7 million, up from KShs 89.4 million. Our share of the 1996 pre-tax results of Garton Limited was modest at KShs 5.2 million reflecting a year of relatively low prices. Coffee prices improved substantially in 1997 and consequently the 1997 results of Garton Limited will have a positive impact on our next year's results. The Ark Limited, in which we have a minority share,

performed well by paying a dividend of KShs 6.1 million. The overall profit after tax when taking into account minority interests was a healthy 57% above last year's result.

I am happy to announce that the board of directors is recommending to the shareholders total dividends per

share of 60% this year which will restore the dividend level to that of the year 1994/95. This reflects the much improved bottom line of the company and our optimism that this trend will continue. You will also notice that the Board is asking the members to approve a bonus issue at this year's Annual General Meeting of one share for every two shares held. The effect of the bonus issue will be to increase the number of shares in issue of the company to 38,009,250 from 25,339,500, and the paid up capital to KShs 190,046,250 from KShs 126,697,500.

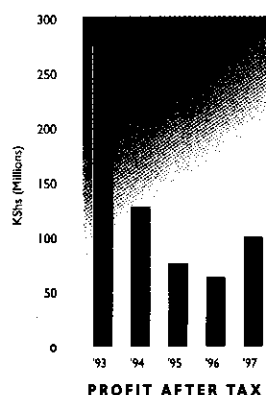


The coming year, 1997/98, promises to be an excellent year for the tea crop. We have committed considerable capital to the refurbishment and enlargement of Keritor factory to increase our production capacity. The establishment of the warehousing and tea trading department in Mombasa has already shown great promise for value addition to our tea, and after only 6 months in operation requires expansion of the facilities.

The current unseasonal rains throughout the coffee areas do not bode well for our coffee production, but quality remains good and prices high, leading us to believe that 1997/98 will be a moderately good year for coffee. The Mweiga dairy is expanding its sales of pasteurised milk, yoghurt, cream and butter, and is expected to reverse what had become a declining trend in the dairy herd's profitability.

Finally, my comments last year pertaining to agriculture and the vagaries of weather were made without any prior knowledge of the drought we experienced nor the current effects of the *El Nino* weather phenomenon. One fact, however, emerges from our results in spite of the troubled weather patterns. It is that our company is strong, vibrant, and resilient, due to quality products and a sound financial base, and further strengthened by diversified operations. I would like to pay special thanks to the workers and staff on the estates who persevered in difficult circumstances to produce the products for which Sasini is becoming famous. Our aim for the coming year is to continue the momentum established this year towards an even more profitable result in 1997/98. Competent management is the key to success and in this respect your board has great confidence in the present management team.

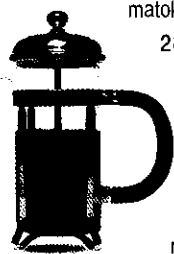
M W HARLEY
Chairman



TAARIFA YA MWENYEKITI

Mwaka jana nilimaliza taarifa yangu kwenu kwa kusema kuwa lengo letu la mwaka huu ni kuizidi faida ya mwaka 1995/96 iliyotolewa kwa wanachama wa kampuni ya Sasini Tea and Coffee Limited. Nina furaha kubwa kuwajulisha kuwa hatukuizidi tu faida ya mwaka uliopita kwa zaidi ya asilimia hamsini baada ya kulipa kodi bali tuliweza kufanya hivyo katika mwaka wa uzalishaji mdogo. Nilisema pia kuwa tutazalisha na kuuza majani chai zaidi na kahawa kidogo. Kwa bahati mbaya Kenya iliwahi kukumbwa na ukame wa nguvu na ulioendelea katika historia ya karibu. Pamoja na ukame huu kulikuwa na uzalishaji mdogo usioridhisha wa majani chai na kahawa, lakini bei za juu za bidhaa zote mbili. Hili, halikutuzuilia sisi kuanzisha mipango yetu ya thamani ya ziada ya uuzaji wa majani chai na bidhaa za maziwa. Mipango hii miwili ilitekelezwa katika mwaka, na mwanzoni ilikuwa ya kufaulu sana.

Ukame wa nguvu ulioendelea kwa kiasi cha kama miezi mitano kutoka Novemba, 1996 hadi Machi 1997, ulipunguza zao letu la majani chai kwa zaidi ya asilimia 29 katika mwaka uliopita na uliua karibu hekta 60 za miti ya majani chai. Bahati nzuri, tuna miche mipya itakayozalisha hivi karibuni na ambayo itapunguza hasara kutokana na miti ya majani chai iliochomeka wakati wa ukame. Hata hivyo ubora wa chai yetu ulikuwa mzuri sana kwa kipindi hicho chote na matokeo ya mauzo ya jumla ya majani chai yalikuwa asilimia 28 kuzidi ya mwaka jana hasa kutokana na bei zilizongezeka.



Kahawa nayo pia, iliathirika kutokana na uzalishaji uliopungua kwa karibu asilimia 30, ingawa jumla ya mauzo yaliongezeka kwa asilimia 16 kuzidi hesabu za mwaka uliopita. Bei ya kadiri inayoongozwa na nguvu za soko la ulimwengu, iliongezeka kwa zaidi ya asilimia 63 kuwa karibu \$3,600 kwa tani moja. Upande wa kahawa wa shughuli za kundi letu, tena uliweza kufanya vizuri kwa kuchangia asilimia 28 ya faida ya kundi la kampuni kabla ya kodi katika mwaka huo.

Faida ya kundi la kampuni la Sasini kabla ya faida kutoka kwa kampuni mshirika na ushuru iliongezeka kwa asilimia 85 kuuzidi mwaka uliotangulia kufikia milioni KShs 165.7 kutoka milioni KShs 89.4. Sehemu yetu ya matokeo ya mwaka 1996 kabla ya kodi ya kampuni yetu shirika ya Garton Limited ilikuwa ndogo, milioni KShs 5.2 ikionyesha mwaka wa bei zilizo kadiri ya chini. Bei za kahawa ziliongezeka kwa kiasi kikubwa katika mwaka 1997 na hivyo matokeo ya Garton Limited ya mwaka 1997 yatakuwa na taathira nzuri zaidi kwenye matokeo yetu ya mwaka ujao. Kampuni ya The Ark Limited, ambayo tunaimiliki kwa hisa chache, ilifanya vizuri kwa kulipa gawio la faida la milioni KShs 6.1. Faida ya jumla baada ya kodi ikitiliwa maanani faida kwa wenye hisa chache ilikuwa kubwa kwa asilimia 57 kuzidi matokeo ya mwaka jana.

Nina furaha kutangaza kuwa halmashauri ya wakurugenzi inapendekeza kwa wanahisa jumla ya malipo ya mgao wa faida ya

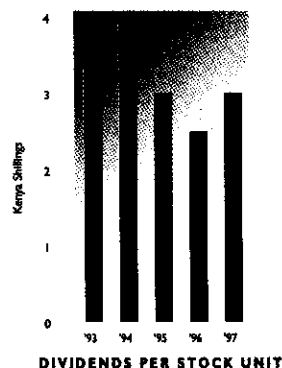
asilimia 60 kwa kila hisa mwaka huu, ambayo yatahifadhi kiwango cha malipo ya mgao wa faida kiwe kama kile cha mwaka 1994/95. Hili linaonyesha ongezeko zuri la kiwango cha chini cha kampuni na matumaini yetu kuwa hali hii itaendelea. Mtaona pia kuwa halmashauri inawaomba wanachama kuidhinisha toleo la hisa za bakshishi katika mkutano mkuu wa mwaka huu la hisa moja kwa kila hisa mbili zinazomilikiwa. Athari ya toleo la hisa za bakshishi itakuwa ni kuongeza idadi ya hisa zilizotolewa na kampuni kufikia 38,009,250 kutoka 25,339,500 na rasilimali iliyolipwa kufikia milioni KShs 190,046,250 kutoka milioni KShs 126,697,500.

Mwaka huu unaokuja, 1997/1998 tayari unajitokeza kuwa mwaka mzuri sana kwa mazao ya majani chai. Tumetumia kiasi kikubwa cha fedha kurekebisha na kupanua kiwanda cha Keritor ili tuwe na uwezo wa kutosha wa uzalishaji wa siku za mbeleni. Uanzishaji wa maghala na idara ya biashara ya chai, Mombasa, tayari umeonyesha dalili kubwa ya ongezeko la thamani kwa majani chai yetu, na baada tu ya miezi sita ya utenda kazi, zinahitaji upanuzi.

Mvua isiyokuwa ya msimu ya hivi karibuni katika sehemu zote za kahawa halibashiri vizuri kwa uzalishaji wetu wa kahawa, lakini ubora na bei zinabaki katika kiwango cha juu, ikituongoza kuamini kuwa mwaka 1997/98 utakuwa angalau mwaka mzuri kiasi wa kahawa. Kampuni ya Mweiga inapanua mauzo yake ya maziwa yaliyopikwa, maziwa mala, maziwa ya mtindi na siagi na inatarajiwa kubadilisha hali ambayo imekuwa kama mtindo ya kupungua kwa faida katika uwekaji wa ng'ombe wa maziwa.

Kwa kumalizia, maelezo yangu ya mwaka jana kuhusu kilimo na mabadiliko ya hali ya hewa yalitolewa bila ya ujuzi wowote wa awali wa ukame uliotukabili au athari za sasa za hali ya hewa za *El Nino*. Ingawa kuna hali za hewa zenye matatizo, jambo moja linajitokeza kutokana na matokeo yetu. Kuwa kampuni yetu ni thabiti, yenye uhai na uwezo wa kupanuka, kutokana na ubora wa mazao na msingi imara wa kifedha na ulioimarishwa zaidi na shughuli mbalimbali. Ningependa kutoa shukrani za dhati kwa wafanyakazi katika mashamba waliostahamili katika hali ngumu kuzalisha mazao ambayo kwamba yanaifanya Sasini kuwa maarufu. Lengo letu katika mwaka unaokuja ni kuendelea kwa kasi tulioianzisha mwaka huu ili kuwe na matokeo ya faida kubwa zaidi katika mwaka 1997/98. Usimamizi stadi ndio ufunguo wa mafanikio na katika fuatadha huu, halmashauri yenu ina imani kuu katika kundi la sasa la wasimamizi.

M W HARLEY
Mwenyekiti





PICKING RIPE COFFEE BERRIES AT TINGANGA ESTATE

SALIENT FEATURES AND FINANCIAL CALENDAR

		1997	1996
TURNOVER	KShs '000	643,287	525,856
Profit after taxation and minority interests	KShs '000	99,512	63,444
Dividend per ordinary stock unit (gross)	KShs	3.00	2.50
Shareholders' Funds	KShs '000	2,240,662	2,217,169

Report and Financial Statements circulated in February, 1998.

DIVIDENDS

First Interim	KShs 1.50	per stock unit paid 21st July, 1997
Second Interim	KShs 1.00	per stock unit paid 1st December, 1997
Final Proposed	KShs 0.50	per stock unit payable March, 1998

STATISTICS

The following statistics relating to the group's tea and coffee activities give a comparison of the results achieved on the estates during the last two years. A five year comparative statement is given on page 29.

		TEA		COFFEE	
		1997	1996	1997	1996
Sasini and subsidiaries					
Area	Hectares	1,162	1,221	840	840
Production	Tonnes	4,479	5,118	1,023	1,471
Sales	Tonnes	4,427	4,957	1,143	1,616
Net sales proceeds:					
Tea	KShs/Kg	86.18	60.12	--	--
Coffee	KShs '000/Tonne	--	--	221	135
Associated Company					
Garton Limited					
Area	Hectares	--	--	284	284
Production	Tonnes	--	--	399	525

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REPORT OF THE DIRECTORS

TO THE MEMBERS OF SASINI TEA AND COFFEE LIMITED

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30th September, 1997.

ACTIVITIES

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

GROUP RESULTS AND DIVIDENDS

		1997 KShs '000	1996 KShs '000
Profits after taxation and minority interests		99,512	63,444
First interim dividend paid	: 30% (1996 : 20%)	(38,009)	(25,340)
Second interim dividend paid	: 20% (1996 : NIL)	(25,340)	--
Final dividend proposed	: 10% (1996 : 30%)	(12,670)	(38,009)
Retained profits transferred to reserves		23,493	95

SHARE CAPITAL AND RESERVES

The authorised and issued share capital of the company at 30th September, 1997 and matters relating thereto are set out in note 16 to the financial statements. At the annual general meeting of the company to be held on 12th March, 1998, the directors will be requesting the members to pass resolutions:

(a) Increasing the authorised share capital of the company from KShs 150,000,000 to KShs 200,000,000.

(b) Authorising a capitalisation issue, subject to approval of the Capital Markets Authority and the Nairobi Stock Exchange, of one share of KShs 5/- fully paid, for every two stock units now held, thereby increasing the issued share capital from KShs 126,697,500 to KShs 190,046,250.

Subject to the above resolutions being passed and approval of the Capital Markets Authority and the Nairobi Stock Exchange being obtained, definitive certificates will be posted on 27th March, 1998 to the members on the register on the 12th March 1998. The new stock units will rank *pari passu* in all respects with the existing stock units except that they will not rank for any dividend declared or paid in respect of the year ended 30th September, 1997. Full details of the group and company's reserves and movements therein during the year are shown in note 17 to the financial statements.

FIXED ASSETS

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

DIRECTORS

The details of the Board of Directors are set out on page 3.

Messrs. M H Da Gama-Rose, N N Merali, G W Gichuki, H A Valentine, M N Omar, A H Butt and J A Timamy retire by rotation and, being eligible, offer themselves for re-election.

Mr M W Harley, who has attained the age of 70 years, retires in accordance with Section 186(2) of the Companies Act (Cap 486), and being eligible, offers himself for re-election under the provisions of Section 186(5) of the said Act.

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 %	
	1997	1996
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.92	13.32
Zamash Investments Limited	NIL	5.61
Old Mutual Life Assurance Company Limited	5.19	5.19

AUDITORS

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

By order of the Board

J A TIMAMY

Company Secretary

Nairobi, 9th February, 1998

RIPOTI YA WAKURUGENZI

KWA WANACHAMA WA SASINI TEA AND COFFEE LIMITED

Wakurugenzi wanafuraha kuwakilisha taarifa yao ya mwaka na hesabu za pesa ambazo tayari zimekaguliwa na wakaguzi wa hesabu za pesa kwa mwaka uliomalizikia 30 Septemba 1997.

MIRADI

Miradi mkuu ya kampuni na kampuni zake ndogo ni ukuzaji na utayarishaji wa majani chai na kahawa, uwekaji rasilimali kwenye maadili na mali, biashara ya misitu na ufugaji wa ng'ombe na maziwa.

MATOKEO YA KUNDI NA MGAWO WA FAIDA

		1997	1996
		KShs '000	KShs '000
Faida baada ya kulipa kodi na faida ya wenye hisa chache		69,512	63,444
Malipo ya kwanza ya mgao wa faida ya muda yaliyolipwa	: 30% (1996 : 20%)	(38,009)	(25,340)
Malipo ya pili ya mgao wa faida ya muda yaliyolipwa	: 20% (1996 : Sufuri)	(25,340)	-
Malipo ya mwisho ya mgao wa faida yanayopendekezwa	: 10% (1996 : 30%)	(12,670)	(38,009)
Faida ya mwaka iliyowekwa na kuhamishwa katika akiba		23,493	95

RASILIMALI YA HISA NA AKIBA

Rasilimali ya hisa iliyoruhusiwa na kutolewa kufikia tarehe 30 Septemba 1997 na mambo yanayohusiana nazo yameelezwa katika tanbihi 16 ya taarifa ya fedha. Katika mkutano mkuu wa kampuni utakaofanyika tarehe 12 Machi 1998, wakurugenzi watawaomba wanachama kuidhinisha maazimio yafuatayo:

- Kuongezwa kwa rasilimali ya hisa inayoruhusiwa ya kampuni kutoka KShs 150,000,000 hadi KShs 200,000,000.
- Ikitegemea idhini ya halmashauri ya soko la rasilimali na soko la hisa la Nairobi, kuruhusu toleo la rasilimali la hisa moja ya KShs 5 iliyolipwa kamili kwa kila mbili zinazomilikiwa, hivyo kuongeza rasilimali ya hisa zilizotolewa kutoka KShs 126,697,500 hadi KShs 190,046,250.

Ikitegemea maazimio yaliyo hapo juu kuidhinishwa na kibali cha soko la rasilimali kupatikana, hati za kuainisha zitatimwa tarehe 27 Machi 1998 kwa wanachama walio katika kitabu cha orodha tarehe 12 Machi 1998. Hisa mpya zitasimama sawa katika hali zote na hisa zilizopo tayari, isipokuwa hazitasimama kwa malipo yoyote ya mgao wa faida yatakayotangazwa au kulipwa kwa mwaka unaomalizikia tarehe 30 Septemba, 1997.

Maelezo kamili ya kundi na akiba ya kampuni na mienendo yake katika mwaka yameonyeshwa katika tanbihi 17 ya taarifa ya fedha.

RASILIMALI THABITI

Maelezo ya muenendo ya rasilimali thabiti yanaonyeshwa katika tanbihi 8(a) ya taarifa ya hesabu.

WAKURUGENZI

Maelezo ya halmashauri ya wakurugenzi yanatolewa kwenye ukurasa 3.

Mabwana M H Da Gama-Rose, N N Merali, G W Gichuki, H A Valentine, M N Omar, A H Butt na I A Timamy wanastaafu kwa zamu, na kwa vile wanastahili, wanajitolea kuchaguliwa tena.

Bw M W Harley, aliyefikisha umri wa miaka 70, anastaafu kufuatana na kifungu 186(2) cha sheria za makampuni (Ibara 486) na kwa vile anastahili, anajitolea kuchaguliwa tena kwa mujibu wa kifungu 186(5) cha sheria hiyo.

UMILIKI WA HISA NYINGI

Wakurugenzi wanafahamu makampuni yafuatayo yenye jumla ya asilimia 5 au zaidi ya rasilimali ya hisa zilizotolewa na kampuni.

	Umnikeli hisa%	
	1997	1996
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.92	13.32
Zarnash Investments Limited	Sufuri	5.61
Old Mutual Life Assurance Company Limited	5.19	5.19

WAKAGUZI WA HISABU

Wakaguzi wa hesabu, Coopers & Lybrand wameonyesha hiari ya kuendelea kufanya kazi kufuatana na kifungu 159(2) cha sheria za makampuni (Ibara 486).

Kwa amri ya Halmashauri

I A TIMAMY

Katibu wa Kampuni

Nairobi, 9th February, 1998

REPORT OF THE AUDITORS

TO THE MEMBERS OF SASINI TEA AND COFFEE LIMITED

1. We have audited the financial statements set out on pages 13 to 28. The financial statement of the company set out on page 15 is in agreement with the books of account. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

2. Respective Responsibilities of Directors and Auditors

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

3. Basis of Opinion

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

4. Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the company and the group at 30th September, 1997 and of the profit and cashflows of the group for the year then ended and comply with the Companies Act (Cap. 486).

COOPERS & LYBRAND

Certified Public Accountants of Kenya

Nairobi, 9th February, 1998

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	Note	1997 KShs '000	1996 KShs '000
TURNOVER	2	643,287	525,856
PROFIT FROM OPERATIONS	2	137,754	76,549
INVESTMENT AND OTHER INCOME	3	27,963	12,906
PROFIT FOR THE YEAR		165,717	89,455
SHARE OF PROFITS OF ASSOCIATED COMPANY		5,205	14,845
PROFIT BEFORE TAXATION AND MINORITY INTERESTS		170,922	104,300
TAXATION	4	69,157	38,282
PROFIT AFTER TAXATION BEFORE MINORITY INTERESTS		101,765	66,018
MINORITY INTERESTS		2,253	2,574
PROFIT ATTRIBUTABLE TO THE MEMBERS	5	99,512	63,444
DIVIDENDS (GROSS)	6	76,019	63,349
BALANCE TRANSFERRED TO RESERVES	17	23,493	95
EARNINGS PER STOCK UNIT			
On profit attributable to the members	7	KShs 3.93	KShs 2.50



CONSOLIDATED BALANCE SHEET

30TH SEPTEMBER 1997

	Note	1997 KShs '000	1996 KShs '000
ASSETS EMPLOYED:			
FIXED ASSETS	8(a)	2,010,459	2,010,958
CAPITAL WORK IN PROGRESS	8(b)	643	16,037
INVESTMENT IN ASSOCIATED COMPANY	10	63,993	64,867
OTHER INVESTMENTS	11	23,807	23,807
		2,098,902	2,115,669
CURRENT ASSETS			
Stocks	12	127,073	114,142
Debtors	14	70,730	94,945
Short term deposits		103,598	77,954
Bank balances and cash		82,050	11,568
		383,451	298,609
CURRENT LIABILITIES			
Creditors		88,183	69,877
Taxation		32,122	1,163
Dividends (gross)		38,009	38,009
Bank overdraft	15	85	6,020
		158,399	115,069
NET CURRENT ASSETS		225,052	183,540
		2,323,954	2,299,209
FINANCED BY:			
Share capital	16	126,697	126,697
Reserves	17	2,113,965	2,090,472
SHAREHOLDERS' FUNDS		2,240,662	2,217,169
MINORITY INTERESTS		83,292	82,040
		2,323,954	2,299,209

M W HARLEY
D.A. SCHUMACHER } Directors

The financial statements set out on pages 13 - 28 were approved by the Board of Directors on 9th February, 1998.

COMPANY BALANCE SHEET

30TH SEPTEMBER 1997

	Note	1997 KShs '000	1996 KShs '000
ASSETS EMPLOYED:			
FIXED ASSETS	8(a)	600,000	615,120
INVESTMENT IN SUBSIDIARY COMPANIES	9	20,342	20,342
INVESTMENT IN ASSOCIATED COMPANY	10	12	12
OTHER INVESTMENTS	11	1,298	1,298
		621,652	636,772
CURRENT ASSETS			
Stocks	12	22,712	33,262
Subsidiary companies	13	49,063	58,425
Debtors	14	8,921	16,754
Short term deposits		63,598	48,962
Bank balances and cash		32,497	4,538
Dividends receivable from subsidiaries		51,000	--
		228,591	161,941
CURRENT LIABILITIES			
Creditors		19,135	24,866
Taxation		9,533	--
Dividends (gross)		38,009	38,009
Bank overdraft	15	--	1,869
		66,677	64,744
NET CURRENT ASSETS		161,914	97,197
		783,566	733,969
FINANCED BY:			
Share capital	16	126,697	126,697
Reserves	17	656,869	607,272
SHAREHOLDERS' FUNDS		783,566	733,969

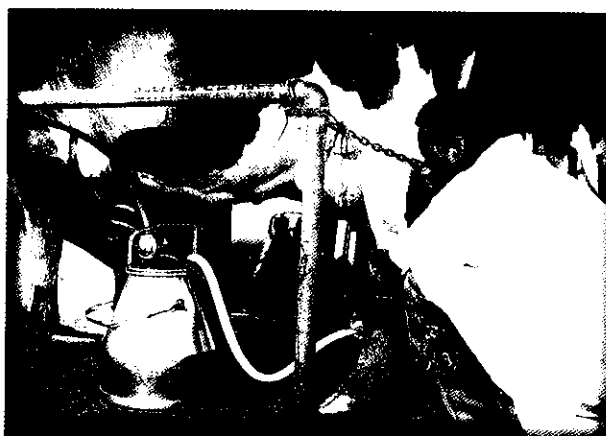
M W HARLEY }
D.A. SCHUMACHER } Directors

The financial statements set out on pages 13 - 28 were approved by the Board of Directors on 9th February, 1998.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	Note	1997 KShs '000	1996 KShs '000
Net cash inflow from operating activities	<i>A</i>	248,553	143,560
Returns on investment and servicing of finance:			
Interest received	<i>B</i>	20,284	6,312
Dividends received from trade investments		7,679	6,592
Dividends received from associated company		14,700	4,900
Dividends paid		(76,018)	(50,680)
Dividends paid to minority shareholders		(1,000)	--
Net cash outflow from investments and servicing of finance		(34,355)	(32,876)
Taxation paid		(32,893)	(24,013)
Investing activities:			
Purchase of investments (net)		--	(1,784)
Purchase of fixed assets		(81,200)	(81,050)
Proceeds on sale of fixed assets		1,956	6,083
Net cash outflow from investing activities		(79,244)	(76,751)
Increase in cash and cash equivalents	<i>C</i>	102,061	9,920

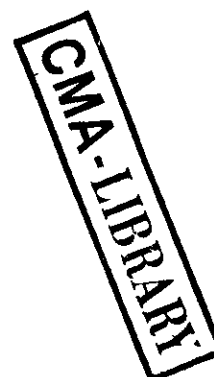
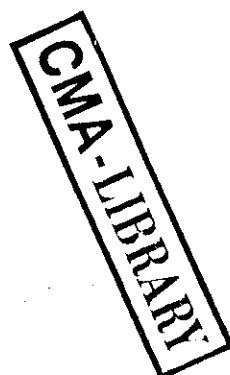


AUTOMATED MILKING AT MWEIGA ESTATE

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	1997 KShs '000	1996 KShs '000
A. Reconciliation of operating profit to net cash inflow from operating activities:		
Group operating profit	142,959	91,394
Less: Share of profits of associated company	5,205	14,845
	137,754	76,549
Depreciation charges	94,284	85,437
Loss/(profit) on sale of fixed assets	842	(920)
(Increase) in stocks and stores	(12,831)	(4,929)
Decrease/(increase) in debtors	20,090	(29,963)
Increase in creditors	8,514	17,386
Net cash inflow from operating activities	248,553	143,560
B. Reconciliation of interest received:		
Interest on short term deposits	20,274	6,302
Interest on trade investments	10	10
	20,284	6,312
C. Increase in cash and cash equivalents:		
Bank balances and cash	70,482	(51,914)
Short term deposits	25,644	67,854
Bank overdraft	5,935	(6,020)
	102,061	9,920



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

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

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

Associated company

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

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

Turnover

Turnover includes:

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

Taxation

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

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

Fixed assets and depreciation

The fixed assets are stated at 1995 revaluation amounts, with subsequent additions stated at cost.

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

Where developed areas are affected by natural or other causes, resulting in a material permanent diminution of earnings, the developments costs in respect of such areas are eliminated. Subsequent development costs attributable to such areas are capitalised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

ACCOUNTING POLICIES (continued)

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

	Over the estimated useful lives
Buildings and improvements	
Plant, machinery and tools	12.5%
Rolling stock	25.0%
Farm implements, furniture and equipment	12.5%

The excess depreciation charge on the revalued element of the assets is transferred from Capital Reserves to Revenue Reserves.

Trade investments

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

Stocks

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

Livestock has been valued at the lower of cost and net realisable value.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rate of exchange ruling at the balance sheet date. Transactions during the year in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the profit and loss account.

Retirement benefits and service gratuities

Contributions made to defined contribution schemes are charged to the profit and loss account as incurred. Service gratuities accruing to employees, under the collective bargaining agreements with the trade unions, are charged to the profit and loss account upon employees attaining the specified age.



COFFEE BERRIES BEING PROCESSED AT KAMUNDU ESTATE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

2. TURNOVER AND PROFIT FROM OPERATIONS

Activity:	Turnover		Profit from operations	
	1997 KShs '000	1996 KShs '000	1997 KShs '000	1996 KShs '000
Tea	381,522	298,006	96,377	37,788
Coffee	253,161	218,838	39,154	39,173
Livestock	8,604	9,012	(1,652)	48
Other operating income	--	--	3,875	(460)
Total	643,287	525,856	137,754	76,549

		1997 KShs '000	1996 KShs '000
Profit from operations is arrived at after charging:			
Auditors' remuneration	- current year	1,655	1,739
	- prior year	(153)	31
Company: KShs 591,192 (1996: KShs 514,080)			
Depreciation		94,284	85,437
Loss/(profit) on sale of fixed assets		842	(920)
Directors' emoluments	- fees	680	680
	- other emoluments	3,414	2,368

3. INVESTMENT AND OTHER INCOME

Income from trade investments	7,689	6,604
Interest on short term deposits	20,274	6,302
	27,963	12,906

4. TAXATION

Income tax on taxable profit for the year at 35%	66,741	34,149
Adjustment in respect of prior years	1,236	1,272
	67,977	35,421
Attributable taxation of associated company	1,180	2,861
	69,157	38,282

Dividend tax account

The group and the company have a credit balance on the dividend tax account of KShs 142,548,335 and KShs 71,555,452 respectively, which include tax payments to January, 1998.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

5. PROFIT ATTRIBUTABLE TO THE MEMBERS

The profit dealt with in the financial statements of the parent company is KShs 92,614,951 (1996: KShs 50,404,920, after recognising dividend income from subsidiary companies in the year to which it relates).

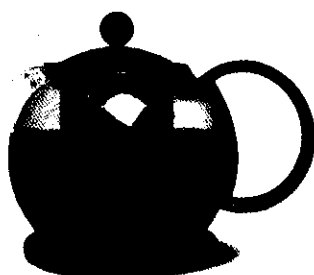
6. DIVIDENDS (GROSS)

	1997 KShs '000	1996 KShs '000
First interim dividend (KShs 1.50 per stock unit : paid 21st July 1997)	38,009	25,340
Second interim dividend (KShs 1.00 per stock unit : paid 1st December 1997)	25,340	--
Final dividend (KShs 0.50 per stock unit : payable March 1998)	12,670	38,009
	76,019	63,349

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

7. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based the profit after taxation and minority interests of KShs 99,512,000 (1996 : KShs 63,444,000); and on 25,339,500 ordinary stock units.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

8(a). FIXED ASSETS

The Group	Land and development KShs '000	Buildings and improvements KShs '000	Plant machinery and tools KShs '000	Rolling stock and farm implements KShs '000	Furniture and equipment KShs '000	Total KShs '000
COST OR VALUATION						
At 1 October, 1996	1,270,058	436,359	284,346	89,908	23,958	2,104,629
Additions	24,249	21,869	20,549	24,174	5,754	96,595
Disposals	--	--	--	(3,405)	(18)	(3,423)
At 30 September, 1997	1,294,307	458,228	304,895	110,677	29,694	2,197,801
Comprising:						
At cost	32,531	22,172	62,248	57,310	17,104	191,365
At valuation	1,261,776	436,056	242,647	53,367	12,590	2,006,436
	1,294,307	458,228	304,895	110,677	29,694	2,197,801
DEPRECIATION						
At 1 October, 1996	--	31,822	33,366	23,638	4,845	93,671
Charge for the year	--	32,555	34,279	21,735	5,715	94,284
Disposals	--	--	--	(609)	(4)	(613)
At 30 September, 1997	--	64,377	67,645	44,764	10,556	187,342
NET BOOK VALUE						
At 30 September, 1997	1,294,307	393,851	237,250	65,913	19,138	2,010,459
At 30 September, 1996	1,270,058	404,537	250,980	66,270	19,113	2,010,958
Land and buildings comprise:						KShs '000
Freehold						604,668
Long leasehold						987,934
Short leasehold						95,556
Net book value						1,688,158

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

Land and development - at market value on an existing use basis.
All other assets - at net current replacement cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

FIXED ASSETS (Continued)

The Company	Land and development KShs '000	Buildings and improvements KShs '000	Plant machinery and tools KShs '000	Rolling stock and farm implements KShs '000	Furniture and equipment KShs '000	Total KShs '000
COST OR VALUATION						
At 1 October, 1996	358,045	181,265	73,141	22,460	6,487	641,398
Additions	--	194	439	12,147	514	13,294
Disposals	--	--	--	--	(18)	(18)
At 30 September, 1997	358,045	181,459	73,580	34,607	6,983	654,674
Comprising:						
At cost	--	277	439	20,174	1,890	22,780
At valuation	358,045	181,182	73,141	14,433	5,093	631,894
	358,045	181,459	73,580	34,607	6,983	654,674
DEPRECIATION						
At 1 October, 1996	--	13,114	5,785	6,340	1,039	25,278
Charge for the year	--	13,134	5,840	8,286	1,140	28,490
Disposals	--	--	--	--	(4)	(4)
At 30 September, 1997	--	26,248	11,625	14,626	2,175	54,674
NET BOOK VALUE						
At 30 September, 1997	358,045	155,211	61,955	19,981	4,808	600,008
At 30 September, 1996	358,045	168,151	67,356	16,120	5,448	615,120
Land and buildings comprise:						KShs '000
Freehold						517,295
Short leasehold						25,500
Net book value						542,795

8(b). CAPITAL WORK IN PROGRESS

The capital work in progress at 30th September, 1997 relates to ongoing work on the labour lines at Kipkebe Estate, a power line installation at Kiptenden Estate, and a motor vehicle under complete refurbishment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

9. INVESTMENT IN SUBSIDIARY COMPANIES

	1997 KShs '000	1996 KShs '000
Shares in subsidiary companies at cost less amounts written off	20,342	20,342

The subsidiary companies which are all incorporated in Kenya are:

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

* Dormant companies.

10. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	1997 KShs '000	1996 KShs '000	1997 KShs '000	1996 KShs '000
Investment in Garton Limited - Unquoted:				
Share of net assets	63,993	64,867	--	--
Shares at cost	--	--	12	12
	63,993	64,867	12	12
<hr/>				
			1997 KShs '000	1996 KShs '000
The group's share of reserves:				
Capital reserves			31,375	31,375
Revenue reserves			32,806	33,480
			63,981	64,855

The group holds 49% of the equity capital in Garton Limited. The results of the company, whose principal activity is the growing and processing of coffee, have been included on the basis of the audited financial statements as at 31st December, 1996.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

11. OTHER INVESTMENTS

	The Group		The Company	
	1997 KShs '000	1996 KShs '000	1997 KShs '000	1996 KShs '000
Trade investments: Quoted	17,781	17,781	31	31
Unquoted	6,026	6,026	1,267	1,267
	23,807	23,807	1,298	1,298

The quoted trade investments of the group and the company have a market valuation of KShs 12,656,000 (1996: KShs 14,031,000) and KShs 31,000 (1996: KShs 31,000) respectively.

The unquoted trade investments of the group and the company are valued by the directors at KShs 28,998,000 (1996: KShs 25,628,000) and KShs 1,267,000 (1996: KShs 1,267,000) respectively.

12. STOCKS

	The Group		The Company	
	1997 KShs '000	1996 KShs '000	1997 KShs '000	1996 KShs '000
Tea	42,875	28,957	--	--
Tea and tree nurseries	8,517	8,294	--	--
Coffee	18,644	24,051	10,049	17,376
Livestock	1,367	1,376	170	121
Estate stores	55,670	51,464	12,493	15,765
	127,073	114,142	22,712	33,262

13. SUBSIDIARY COMPANIES

	1997 KShs '000	1996 KShs '000
Due from subsidiaries	121,909	105,576
Due to subsidiaries	(72,046)	(47,151)
	49,863	58,425

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

14. DEBTORS

	The Group		The Company	
	1997	1996	1997	1996
	KShs '000	KShs '000	KShs '000	KShs '000
Trade debtors	49,700	41,696	6,973	10,902
Other debtors and prepaid expenses	21,030	49,123	1,948	5,159
Tax recoverable	--	4,126	--	693
	70,730	94,945	8,921	16,754

15. BANK OVERDRAFT

The bank overdrafts are secured to the extent of KShs 5,000,000 by way of equitable mortgages on the land and buildings of a subsidiary company.

16. SHARE CAPITAL

	1997	1996
	KShs '000	KShs '000
Authorised:		
30,000,000 ordinary shares of KShs 5 each	150,000	150,000
Issued and fully paid:		
25,339,500 ordinary stock units of KShs 5 each	126,697	126,697

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



TEA PLUCKERS IN ACTION AT KIPKEBE ESTATE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997 (CONTINUED)

17. RESERVES

	Non Distributable Capital reserves KShs '000	Distributable Revenue reserves KShs '000	Total reserves KShs '000
THE GROUP			
At 1 October 1996	1,716,458	374,014	2,090,472
Excess depreciation on revaluation	(43,872)	43,872	--
Release of depreciation on disposal of assets	(9,176)	9,176	--
Retained profit for the year	--	23,493	23,493
At 30 September 1997	1,663,410	450,555	2,113,965
THE COMPANY			
At 1 October 1996	596,110	11,162	607,272
Dividend adjustment (see note below)	--	33,000	33,000
Excess depreciation on revaluation	(19,043)	19,043	--
Retained profit for the year	--	16,597	16,597
At 30 September 1997	577,067	79,802	656,869

The dividend adjustment arises from recognition of dividend income from subsidiaries in the year to which it relates.

18. DEFERRED TAXATION

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

	The Group		The Company	
	1997 KShs '000	1996 KShs '000	1997 KShs '000	1996 KShs '000
Accelerated capital allowances	216,532	230,899	79,984	86,374

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

FORM OF PROXY **ANNUAL GENERAL MEETING**

I/We

of being

a member/members of Sasini Tea And Coffee Limited, do hereby appoint

..... or failing him/her
the duly appointed Chairman of the meeting to be my/our Proxy, to vote for me/us at the Annual General Meeting of the Company to be held at Grand
Regency Hotel, Nairobi, Kenya on Thursday, 12th March, 1998 and at any adjournment thereof.

As witness my/our hand(s) this day of 1998.

Signature

Please indicate with a tick in the spaces below how you wish your vote to be cast. The proxy will otherwise vote as he/she deems fit.

	FOR	AGAINST
The ordinary resolution No 1 (Item 8 in the notice of the above mentioned meeting)	<input type="checkbox"/>	<input type="checkbox"/>
The ordinary resolution No 2 (Item 8 in the notice of the above mentioned meeting)	<input type="checkbox"/>	<input type="checkbox"/>
The ordinary resolution No 3 (Item 8 in the notice of the above mentioned meeting)	<input type="checkbox"/>	<input type="checkbox"/>
The ordinary resolution No 4 (Item 8 in the notice of the above mentioned meeting)	<input type="checkbox"/>	<input type="checkbox"/>

Notes: (1) To be valid this proxy must be deposited at the registered office of the company not less than 48 hours before the time appointed for holding the meeting.

(2) If the appointer is a corporation, the proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorised in writing.

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FOLD 2

STAMP

THE SECRETARY
SASINI TEA AND COFFEE LIMITED
PO Box 30151
NAIROBI
KENYA



FOLD 1

FOLD 3

INSERT FLAP INSIDE

