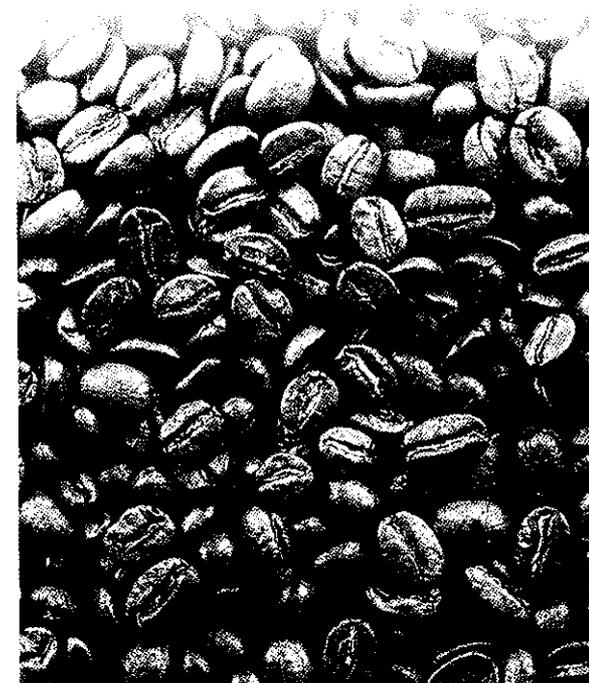


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Sasini



47
1/10/07
2007
C.S.

1. To be filed with the Registrar of Companies
2. To be filed with the Registrar of Companies

COMPANY INFORMATION

DIRECTORS

N N Merali (CS)
I A Timamy (CS) (Chairman)
M N Omar
A H Butt (CS) (Kangari) (CCO)
M H Da Gama-Rose (BA)
B M Williams
P W Muthoka
K A Somaya (BA)* (Managing)
**Indian*

SECRETARY

I A Timamy (CS) (Kangari)

ADVOCATES

Shapley Barret and Co.
Advocates
P O Box 40286
NAIROBI

Timamy and Company
Advocates
P O Box 87288
MOMBASA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Sasini House
Loita Street
P O Box 30151
NAIROBI

2007/0069

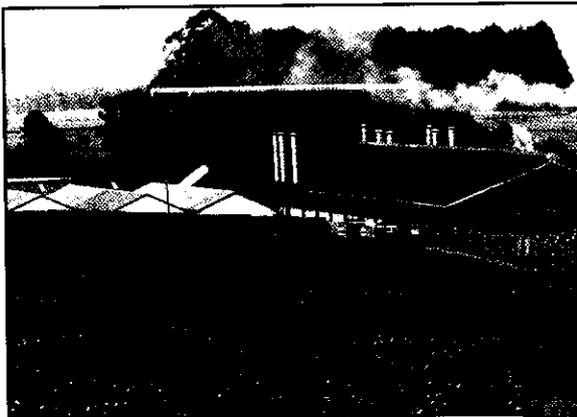
AUDITORS

Ernst & Young
Certified Public Accountants of Kenya
P O Box 44286
NAIROBI

BANKERS

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

TEA OPERATIONS



Kipkebe Tea Factory

The Factory

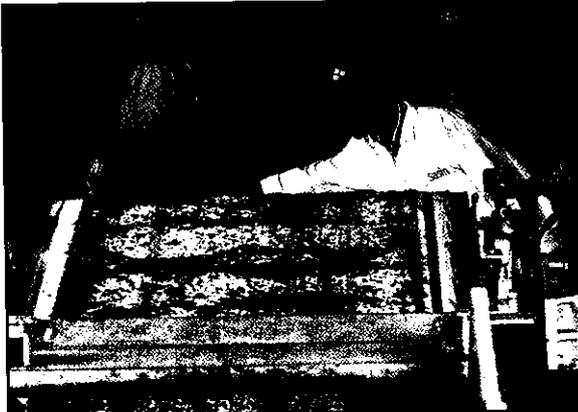
The Produce



Freshly plucked green leaf

Sasini

The Process



CTC processing of green leaf

The Finished Product



A freshly brewed cup of tea



NOTICE OF MEETING

Notice is hereby given that the 50th ANNUAL GENERAL MEETING of the members will be held at the Hotel Inter-Continental, Nairobi on Thursday, 21st February 2002 at 11.00 am for the following purposes:

1. To confirm the minutes of the 49th Annual General Meeting held on 23rd February 2001.
2. To receive, consider and if deemed fit, adopt the annual accounts for the year ended 30th September 2001, together with the reports thereon of the Directors and of the Auditors.
3. To confirm the interim dividend of 15% paid on 22nd June 2001, and declare a final dividend of 5%.
4. a) To elect Directors:
 - i) N N Merali, a director retiring by rotation, who being eligible, offers himself for re-election.
 - ii) M N Omar, a director retiring by rotation, who being eligible, offers himself for re-election.
 - iii) A H Butt, a director retiring by rotation, who being eligible, offers himself for re-election.
 - iv) I A Timamy, a director retiring by rotation, who being eligible, offers himself for re-election.
 - v) B M Williams, a director retiring by rotation, who being eligible, offers himself for re-election.
 - vi) P W Muthoka, a director retiring by rotation, who being eligible, offers himself for re-election.
- b) Special notice is hereby given pursuant to Section 186(5) of the Companies Act, to consider the following resolutions:
 - i) "That Mr. M H Da Gama-Rose, a director who has attained the age of 71 years, be and is hereby re-elected a director of the Company".
 - ii) "That Mr. A P Hamilton, who is 74 years of age, be appointed a director of the Company".
5. To confirm the Directors' emoluments and to fix their remuneration.
6. To appoint Ernst & Young as auditors for the ensuing year and authorise the Directors to fix their remuneration.
7. To transact any other business which may be transacted at an Annual General Meeting.

By order of the Board

I A TIMAMY
Company Secretary
 Nairobi
 11 December 2001

- 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 enclosed.
 - The final dividend, if approved, will be paid on or about 1 March 2002 to the members on the register at the close of business on 15 February 2002.

ILANI YA MKUTANO

Ilani inatolewa hapa kuwa mkutano mkuu wa kila mwaka wa hamsini (50) wa wanachama utafanyika katika hoteli ya Inter-Continental, Nairobi, Alhamisi, tarehe 21 Februari 2002, saa tano asubuhi kwa madhumuni yafuatayo:

1. Kuthibitisha matokeo ya mkutano mkuu wa kila mwaka wa arobaini na tisa (49) uliofanyika tarehe 23 Februari 2001.
2. Kupokea, kuchunguza na ikifikiriwa sawa kuidhinisha taarifa za hesabu za mwaka uliomalizikia tarehe 30 Septemba 2001, pamoja na taarifa za wakurugenzi na wakaguzi wa hesabu kuhusiana na hesabu hizo.
3. Kuthibitisha mgawo wa muda wa asilimia 15 uliolipwa tarehe 22 Juni 2001, na kutangaza mgawo wa mwisho wa asilimia 5.
4. (a) Kuwachagua wakurugenzi :
 - (i) N N Merali, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
 - (ii) M N Omar, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
 - (iii) A H Butt, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
 - (iv) I A Timamy, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
 - (v) B M Williams, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
 - (vi) P W Muthoka, mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
- (b) Ilani maalum inatolewa kwa mujibu wa kifungu 186(5) cha sheria za makampuni, kufikiria mapendekezo yafuatayo :
 - (i) "Kwamba Bw. M H Da Gama-Rose, mkurugenzi aliyefikisha umri wa miaka 71, achaguliwe na hapa nachaguliwa tena mkurugenzi wa kampuni".
 - (ii) "Kwamba Bw. A P Hamilton, ambaye ana umri wa miaka 74, achaguliwe mkurugenzi wa kampuni".
5. Kuidhinisha malipo ya wakurugenzi na kuamua ujira wao.
6. Kuwachagua Ernst & Young kama wakaguzi wa hesabu wa mwaka unaofuata na kuwapa wakurugenzi idhini ya kuamua ujira wao.
7. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

Kwa Amri ya Halmashauri.

I A TIMAMY

Katibu wa Kampuni

Nairobi

11 Desemba 2001.

Maelezo: • Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu aweza kuchagua mwakilishi kuhudhuria na kupiga kura kwa niaba yake na mwakilishi huyo si lazima awe mwanachama wa kampuni.

• Fomu ya uakilishi ipo kitabuni.

• Ikiidhinishwa, malipo ya mgawo wa mwisho yatalipwa tarehe 1 Machi 2002 au wakati karibu na hapo kwa wanachama walio katika orodha ya majina kufikia wakati wa kufunga biashara tarehe 15 Februari 2002.



Sasini



CHAIRMAN'S STATEMENT

I would like to begin my statement by extending sincere thanks, on behalf of the Board, Management and Shareholders of our Company, to Mr. Michael Harley, who retired as Chairman on 24 October 2001 for personal reasons. Mr. Harley served on the Board of Sasini for over 30 years, and the Board, Management and staff are very appreciative of the contribution he made during his tenure.

The Company operated under difficult local as well as international economic conditions during the current financial year. Despite attaining record levels of production, the Company's results for the year show a significant downturn in profitability, due primarily to extremely low international market prices for both tea and coffee. I am, nevertheless, pleased to report that our Company ended the financial year 2000/2001 with a modest profit in the face of adverse global economic conditions.

Tea production across the country was enhanced by the very conducive weather patterns throughout the year, and our own tea operations were no exception. With the power situation restored to almost "normal", we had a much more steady and consistent power supply available for our two factories. Our tea production for the year increased to a record 7.2 million kilograms, boosting tea sales for the year to a record 7.1 million kilograms.

Our average sales price per kilogram of tea was down from an all time high of K.Shs 114.47 for the previous year to K.Shs 95.43 for the current year, a decline of 17%. Whilst the quality of our made tea remained consistent throughout the year, the reduction in the average sales price of our teas, driven primarily by declining international market prices for the commodity based on increased supply levels, had a significant impact on our profitability.

Since the end of our financial year, global market prices for tea continue to remain low, whilst production levels still remain high across the industry due to favourable climatic conditions. Improvement in tea prices in the near future, therefore, seems unlikely. Operating costs within our tea sector were contained during the current financial year and the Company will continue to reduce costs further where possible, so as to meet planned growth and profitability levels for the sector in future.

The scenario for our coffee operations was not significantly different as the depressed international market prices continued to adversely affect our realisations. The production levels achieved during the current financial year were very much in line with expectations and not materially lower than the previous year.

A total production of 1,453 tonnes of coffee was achieved during the year compared to 1,493 tonnes for the previous year. The huge global surplus of arabica coffee, combined with static demand levels for the commodity, saw coffee prices reduce further during the current financial year. Our average sales price per tonne dropped from an already low level of K.Shs 140,000 to K.Shs 124,000 for the year, a further decline of some 11%.

Sadly, the continuing decline in global market prices for coffee over the last few years continues to affect profitability levels within the sector. Our efforts at containing operational costs, whilst maintaining our coffee estates in good condition, still make a return to profitability within the sector a difficult prospect without a marked improvement in the price of our coffee.

Our commitment to the agricultural sector in Kenya, nevertheless, remains strong. This is demonstrated by our investment during the year in a joint venture with Kenyan tea growers to construct a new Tea Factory in the Limuru area with a manufacturing capacity in excess of 2 million kilograms of made tea per annum. The factory is expected to be operational by March 2002 and will offer economic alternatives to tea growers in Limuru.

The future growth and profitability of our Company within the agricultural industry remains the primary objective of our Board. The Board and Management will continue to contain costs and introduce operational efficiencies, but it is imperative that the commodity prices of both tea and coffee improve from their present levels in order to achieve reasonable profit returns.

N N Merali

TAARIFA YA MWENYEKITI

Ningependa kuanza taarifa yangu kwa kutoa shukrani za dhidi kwa niaba ya Halmashauri, Usimamizi na Wenye Hisa wa kampuni yetu, kwa Bw. Michael Harley, aliyestaafu kama mwenyekiti tarehe 24 Oktoba, 2001 kutokana na sababu za kibinafsi. Bw. Harley alitumikia Halmashauri ya Sasini kwa zaidi ya miaka 30 na Halmashauri, Usimamizi na Wafanyikazi wanathamini mchango aliofanya wakati alioshikilia cheo chake.

Kampuni ilifanya kazi katika hali ngumu za kiuchumi nchini na pia za kimataifa katika mwaka wa kifedha tulionao. Dhidi ya kufikia viwango vya rekodi vya uzalishaji, matokeo ya kampuni ya mwaka yanaonyesha kupungua kwa kiwango kikuu katika faida, hasa kutokana na bei za chini za soko la kimataifa kwa zote chai na kahawa. Hata hivyo, ninafuraha kueleza kuwa kampuni yetu ilimaliza mwaka wa kifedha wa 2000/2001 na faida ndogo katika hali mbaya za kiuchumi ulimwenguni.

Mazao ya chai kote nchini yaliongezeka kutokana na hali nzuri sana ya hewa mwaka mzima, na hata uzalishaji wetu wenyewe wa chai ukiwemo. Hali ya umeme ikiwa karibu imerudia hali yake ya "kawaida"; tulikuwa na umeme imara zaidi na wa kutarajiwa kwa kampuni zetu mbili. Uzalishaji wetu wa chai kwa mwaka uliongezeka kufikia rekodi ya kilo milioni 7.2, na uliongezeka mauzo ya chai kwa mwaka kufikia rekodi ya kilo milioni 7.1.

Bei yetu ya kawaida ya mauzo kwa kilo ya chai ilikwenda chini kutoka kiasi cha juu cha Kshs. 114.47 katika mwaka uliopita na kuwa Kshs. 95.43 kwa mwaka huu, kushuka kwa asilimia 17. Wakati ubora wa chai yetu iliyotengenezwa ukibakia sawa katika mwaka mzima, punguzo hili katika bei ya mauzo ya kawaida ya chai zetu lililotokana hususan na kupungua kwa bei za mauzo za kimataifa za bidhaa hii kutokana na kuongezeka kwa viwango vya ugavi, lilikuwa na athari kubwa kwenye faida yetu.

Kutokea mwisho wa mwaka wetu wa kifedha, bei za soko za kimataifa za chai zimeendelea kubakia chini, wakati viwango vya uzalishaji bado vimebakia juu kote katika biashara hii kutokana na hali nzuri ya hewa. Kwa hivyo, ongezeko katika bei za chai katika siku za usoni za karibuni, halionekani kutokea. Gharama za utenda kazi katika shughuli zetu za sekta ya chai zimeweza kudhibitiwa katika mwaka tulionao wa kifedha, na kampuni itaendelea kupunguza gharama zaidi inapowezekana, ili kutimiza ukuaji uliopangwa na viwango vya faida vya sekta hii siku za usoni.

Picha ya shughuli zetu za kahawa haikuwa tofauti sana kwa vile bei duni za soko la kimataifa ziliendelea kuathiri sana matokeo yetu. Viwango vya uzalishaji vilivyofikiwa katika mwaka wa kifedha tulionao vililingana na matarajio na wala sio chini kimalighafi kuliko mwaka uliopita. Jumla ya uzalishaji wa tani 1453 za kahawa zilizalishwa katika mwaka ikilinganishwa na tani 1493 za mwaka uliopita. Ziada kubwa ulimwenguni ya kahawa ya aina ya Arabica, pamoja na viwango visivyobadilika vya mahitaji ya bidhaa hii, vilifanya bei za kahawa kupungua zaidi katika mwaka wa kifedha tulionao. Bei yetu ya kawaida kwa tani iliteremka kutoka kwa kiwango ambacho tayari kilikuwa chini cha Kshs. 140,000/= na kuwa Kshs. 124,000/= kwa mwaka, upungufu zaidi wa kiasi cha asilimia 11.

Jambo la kusikitisha ni kuwa uteremkaji unaoendelea katika bei za kahawa za soko la kimataifa katika miaka michache iliopita unaendelea kuathiri viwango vya faida katika sekta hii. Juhudi zetu katika kuhifadhi gharama za uendeshaji kazi na wakati huohuo kuyaweka mashamba yetu katika hali nzuri zinafanya kupatikana kwa faida katika sekta hii kuwa matumaini magumu bila ya ongezeko la maana katika bei ya kahawa yetu.

Juu ya hayo, kujitolea kwetu katika sekta ya ukulima nchini Kenya kunabakia thabiti. Hili linaweza kuonyeshwa na utegaji uchumi wetu wa mwaka huu wa kujenga kwa ushirika na wakuzaji chai wa Kenya kiwanda kipya cha chai katika eneo la Limuru chenye uwezo wa uzalishaji wa zaidi ya kilo milioni 2 za chai iliyotengenezwa kwa mwaka. Kiwanda kinatarajiwa kuanza kazi kufikia mwezi wa Machi 2002 na kitatoa uchaguzi badili wa kiuchumi kwa wakuzaji wa chai Limuru.

Ukuaji wa siku za usoni na faida ya kampuni yetu katika biashara ya ukulima unabakia lengo la msingi la Halmashauri yetu. Halmashauri na Usimamizi zitaendelea kudhibiti gharama na kuanzisha ufanisi katika utenda kazi lakini ni muhimu kwamba bei za zote bidhaa mbili chai na kahawa ziongezeka kutokea viwango vyake vya sasa ili kupata faida ya kiasi.

N N Merali



Sasini



SALIENT FEATURES AND FINANCIAL CALENDAR

| | | 2001 | 2000 |
|------------------------------------|------------|-----------|-----------|
| TURNOVER | K.Shs '000 | 874,602 | 1,017,484 |
| Profit attributable to the members | K.Shs '000 | 13,863 | 110,772 |
| Dividend per ordinary share | K.Shs | 1.00 | 2.00 |
| Shareholders' Funds | K.Shs '000 | 2,189,715 | 2,246,390 |

Annual Report and Accounts circulated in January 2002

DIVIDENDS

| | | |
|----------------|----------------------|-----------------------|
| Interim | K.Shs 0.75 per share | paid on 22 June 2001 |
| Final proposed | K.Shs 0.25 per share | payable in March 2002 |

STATISTICS

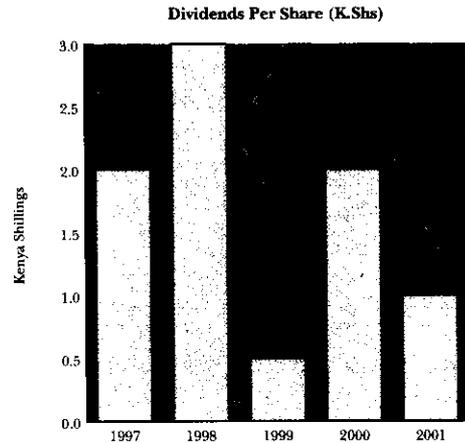
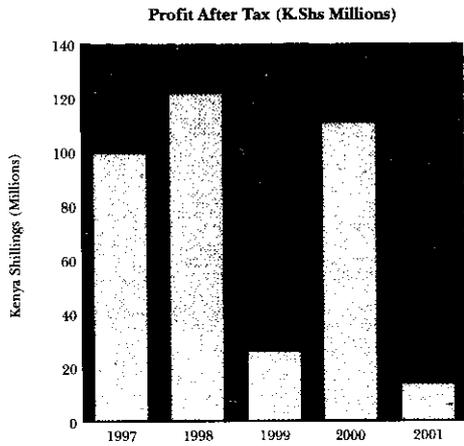
The following statistics relating to the Group's tea and coffee activities give a comparison of the results achieved on the estates during the last two years. A five year comparative statement is given on page 32.

| | | TEA | | COFFEE | |
|---------------------|------------------|-------|--------|--------|-------|
| | | 2001 | 2000 | 2001 | 2000 |
| Area | Hectares | 1,301 | 1,243 | 906 | 906 |
| Production | Tonnes | 7,240 | 7,067 | 1,453 | 1,493 |
| Sales | Kgs '000/Tonnes | 7,149 | 7,129 | 1,392 | 1,380 |
| Net sales proceeds: | | | | | |
| Tea | K.Shs/Kg | 95.43 | 114.47 | - | - |
| Coffee | K.Shs '000/Tonne | - | - | 124 | 140 |

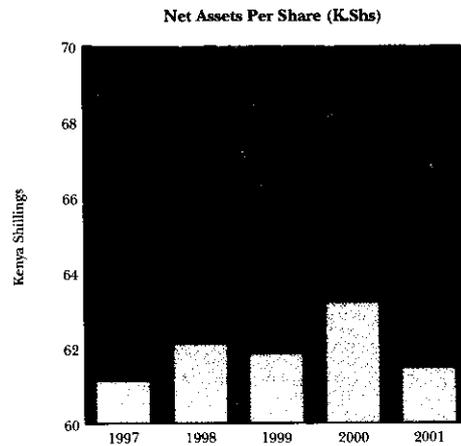
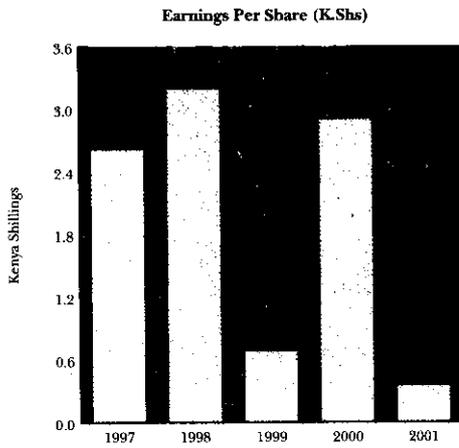
Sasini

GRAPHICAL HIGHLIGHTS

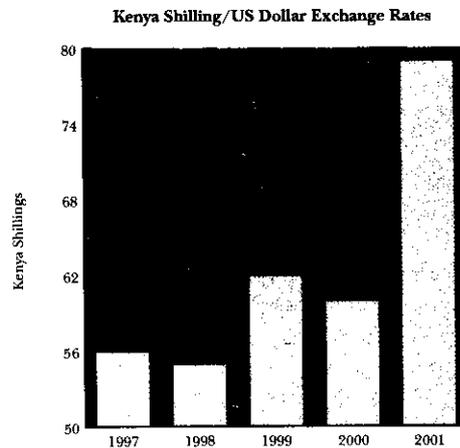
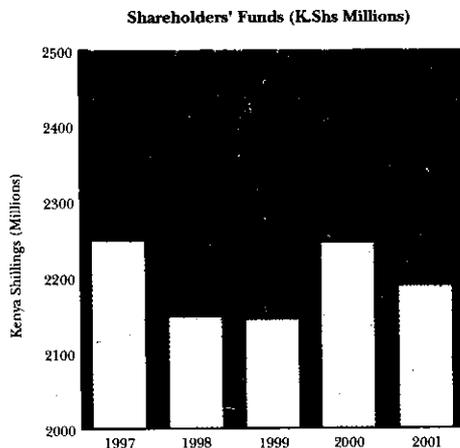
Profits and Dividends



Earnings and Net Assets



Shareholders' Funds and Exchange Rate



Sasini



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report and the audited accounts for the year ended 30 September 2001 which show the state of affairs of the Group and the Company.

ACTIVITIES

The principal activities of the Company and its subsidiaries continue to be the growing and processing of tea and coffee, investment in equity and property, forestry, dairy operations and breeding of beef cattle.

GROUP RESULTS AND DIVIDENDS

| | 2001 K.Shs '000 | 2000 K.Shs '000 |
|--|--------------------|--------------------|
| Net profit attributable to the members | 13,863 | 110,772 |
| Interim dividend paid: 15% (2000 : 15%) | (28,507) | (28,507) |
| Final dividend proposed: 5% (2000 : 25%) | (9,502) | (47,512) |
| Balance transferred (from)/to reserves | (24,146) | 34,753 |

SHARE CAPITAL AND RESERVES

The authorised and issued share capital of the Company at 30 September 2001 and matters relating thereto are set out in note 9 to the accounts.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 17 and 18 of the accounts.

FIXED ASSETS

Details of the movements in fixed assets are shown in note 2(a) to the accounts.

DIRECTORS

Details of the Board of Directors are set out on page 2.

Messrs. N N Merali, M N Omar, A H Butt, I A Timamy, B M Williams and P W Muthoka retire by rotation and, being eligible, offer themselves for re-election.

Mr. M W Harley retired on 24 October 2001.

Mr. M H Da Gama-Rose also retires by rotation and being 71 years of age, seeks re-election under the provisions of Section 186(5) of the Companies Act.

Special notice has also been received by the Company pursuant to Section 142 of the Companies Act (Cap 486) to appoint Mr. A P Hamilton, who is 74 years of age, a director 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 % | |
|---|----------------|-------|
| | 2001 | 2000 |
| Legend Investments Limited | 41.84 | 41.84 |
| Yana Towers Limited | 12.92 | 12.92 |
| Old Mutual Life Assurance Company Limited | 5.19 | 5.19 |

AUDIT COMMITTEE

The Company's Audit Committee, appointed in 1999 in accordance with the requirements of the Nairobi Stock Exchange, held its scheduled quarterly meetings on matters relating to the Company's accounts and internal control systems. All matters raised in this regard were appropriately addressed in conjunction with the independent auditors.

AUDITORS

Ernst & Young have expressed their willingness to continue in office in accordance with section 159(2) of the Companies Act.

By order of the Board

I A TIMAMY
Company Secretary
Nairobi
11 December 2001

SASINI TEA AND COFFEE LIMITED

Sasini



RIPOTI YA WAKURUGENZI

Wakurugenzi wanafuraha kuwakilisha taarifa yao ya mwaka na hesabu zilizokaguliwa kwa mwaka ulioishia tarehe 30 Septemba 2001 zinazoonyesha hali ya Kundi na ya Kampuni ilivyo.

SHUGHULI

Shughuli muhimu za Kampuni na kampuni zake ndogo zinaendelea kuwa ukuzaji na utengenezaji wa majani chai na kahawa, uwekaji rasilimali kwenye hisa zisizo na riba ya kudumu na mali nyingine, biashara ya misitu, shughuli za maziwa na ufugaji wa ng'ombe.

MATOKEO YA KUNDI NA MGAWO WA FAIDA

| | | 2001 K.Shs '000 | 2000 K.Shs '000 |
|--|------------------|--------------------|--------------------|
| Faida ya jumla kwa wanachama | | 13,863 | 110,772 |
| Malipo ya ingawo wa muda yaliyolipwa | 15% (2000 : 15%) | (28,507) | (28,507) |
| Malipo ya mgawo wa mwisho yaliyopendekezwa | 5% (2000 : 25%) | (9,502) | (47,512) |
| Faida iliobakishwa na (kutolewa)/kuhamishwa kwenye akiba | | (24,146) | 34,753 |

RASILIMALI YA HISA NA AKIBA

Rasilimali ya hisa za Kampuni zilizo dhinishwa na kutolewa kufikia tarehe 30 Septemba 2001 na mambo yanayohusiana nazo yanaonyeshwa katika tanbihi ya 9 ya hesabu.

Maelezo kamili ya Kundi na akiba ya Kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 17 na 18 za hesabu.

MALI THABITI

Maelezo ya maendeleo ya mali thabiti yameonyeshwa katika tanbihi 2(a) ya hesabu.

WAKURUGENZI

Maelezo ya halmashauri ya wakurugenzi yanaonyeshwa ukurasa wa 2.

Mabwana N N Merali, M N Omar, A H Butt, I A Timamy, B W Williams na P W Muthoka wanastaafu kwa zamu, na kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

Bw. M W Harley alistaafu tarehe 24 Oktoba 2001.

Bw. M H Da Gama-Rose pia anastaafu kwa zamu na kwa kuwa na umri wa miaka 71 anataka kuchaguliwa tena chini ya kipengee cha sehemu 186(5) cha sheria za makampuni.

Ilani maalum pia imepokelewa na kampuni chini ya sehemu 142 ya sheria za makampuni (kifungu486) kumchagua Bw. A P Hamilton, ambaye ana umri wa miaka 74, kuwa mkurugenzi chini ya kipengee cha sehemu 186(5) cha sheria iliyotajwa.

UMILIKAJI WA HISA NYINGI

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

| | Umilikaji wa Hisa % | |
|---|---------------------|-------|
| | 2001 | 2000 |
| Legend Investments Limited | 41.84 | 41.84 |
| Yana Towers Limited | 12.92 | 12.92 |
| Old Mutual Life Assurance Company Limited | 5.19 | 5.19 |

KAMATI YA UKAGUZI WA HESABU

Kamati ya ukaguzi wa hesabu ya Kampuni, iliyo chaguliwa katika mwaka 1999 kulingana na mahitaji ya Soko La Hisa la Nairobi, ilifanya mikutano yake iliyoratibishwa ya baada ya kila miezi minne kuhusu mambo yanayohusiana na hesabu za Kampuni na mifumo ya udhibiti wa ndani. Mambo yote yaliyozuliwa katika hali hii yalishughulikiwa kisawa pamoja na wakaguzi huru wa hesabu.

WAKAGUZI WA HESABU

Ernst & Young wameonyesha ridhaa ya kuendelea na wadhifa huo kwa kufuatana na sehemu 159(2) ya sheria za makampuni (kifungu486).

Kwa Amri ya Halmashauri.

I A TIMAMY

Katibu wa Kampuni

Nairobi

11 Desemba 2001.



Sasini



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the Group and Company as at the end of the financial year, and of the operating results of the Group for that year. It also requires the Directors to ensure the group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group and the Company

The Directors accept responsibility for the accounts, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with generally accepted accounting practice and in the manner required by the Companies Act. The Directors are of the opinion that the accounts give a true and fair view of the state of the financial affairs of the Group and the Company and of the operating results of the Group. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the accounts, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least the next twelve months from the date of this statement.

N N Merali }
K A Somaya } Directors

11 December 2001

■ Certified Public Accountants
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Nairobi, Kenya

■ Phone + 254 2 715300
Fax + 254 2 716271
E-Mail: info@ey.co.ke

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
SASINI TEA AND COFFEE LIMITED AND SUBSIDIARIES

We have audited the accounts set out on pages 14 to 31 which have been prepared on the basis of the accounting policies set out on pages 20 and 21. We obtained all the information and explanations which we considered necessary for our audit.

Respective Responsibilities of the Directors and the Independent Auditors

As stated on page 12, the Directors are responsible for the preparation of accounts which give a true and fair view of the state of affairs of the Group and Company and the operating results of the Group. Our responsibility is to express an independent opinion on the accounts based on our audit and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. It also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, proper books of account have been kept and the accounts, which are in agreement therewith, give a true and fair view of the state of the financial affairs of the Group and the Company at 30 September 2001 and of the profit and cash flows for the year then ended and comply with International Accounting Standards and the Companies Act (Cap 486).

ERNST & YOUNG

Certified Public Accountants of Kenya

Nairobi

11 December 2001

SASINI TEA AND COFFEE LIMITED



Sasini



CONSOLIDATED BALANCE SHEET

30 SEPTEMBER 2001

| ASSETS | Note | 2001 K.Shs '000 | 2000 K.Shs '000 |
|--|------|--------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Fixed assets | 2(a) | 1,924,317 | 1,969,064 |
| Capital work-in-progress | 2(c) | 4,416 | 1,157 |
| Investment in subsidiary company | 3 | 55,000 | - |
| Investment in associated company | 4 | 81,318 | 96,676 |
| Other investments | 5 | 10,860 | 17,385 |
| | | 2,075,911 | 2,084,282 |
| CURRENT ASSETS | | | |
| Stocks | 6 | 158,210 | 122,940 |
| Debtors | 7 | 84,457 | 95,226 |
| Taxation recoverable | 14 | 6,677 | - |
| Deposits, bank and cash balances | | 145,035 | 248,467 |
| | | 394,379 | 466,633 |
| TOTAL ASSETS | | 2,470,290 | 2,550,915 |
| SHAREHOLDERS' FUNDS AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Share capital | 9 | 190,046 | 190,046 |
| Reserves | 10 | 1,990,167 | 2,008,832 |
| Proposed dividend | 11 | 9,502 | 47,512 |
| | | 2,189,715 | 2,246,390 |
| MINORITY INTERESTS | | 64,922 | 67,652 |
| DEFERRED TAX | 12 | 65,591 | 83,935 |
| CURRENT LIABILITIES | | | |
| Creditors | 13 | 145,535 | 142,183 |
| Taxation | 14 | - | 7,075 |
| Bank overdraft | 15 | 4,527 | 3,680 |
| | | 150,062 | 152,938 |
| TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES | | 2,470,290 | 2,550,915 |

The accounts set out on pages 14 to 31 were approved by the Board of Directors on 11 December 2001 and signed on its behalf by:

N N Merali }
K A Somaya } Directors

COMPANY BALANCE SHEET

30 SEPTEMBER 2001

| ASSETS | Note | 2001 | 2000 |
|--|-------------|-------------------|-------------------|
| | | K.Shs '000 | K.Shs '000 |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 2(b) | 603,590 | 623,720 |
| Investment in subsidiary companies | 3 | 14,797 | 14,797 |
| Investment in associated company | 4 | 12 | 12 |
| Other investments | 5 | 1,298 | 1,298 |
| | | 619,697 | 639,827 |
| CURRENT ASSETS | | | |
| Stocks | 6 | 47,057 | 31,047 |
| Amount due from subsidiary companies | 8 | 12,680 | 17,167 |
| Debtors | 7 | 8,812 | 6,774 |
| Taxation recoverable | | - | 2,064 |
| Dividend receivable | | 20,000 | 50,000 |
| Deposits, bank and cash balances | | 63,965 | 79,523 |
| | | 152,514 | 186,575 |
| TOTAL ASSETS | | 772,211 | 826,402 |
| SHAREHOLDERS' FUNDS AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Share capital | 9 | 190,046 | 190,046 |
| Reserves | 10 | 516,814 | 540,392 |
| Proposed dividend | 11 | 9,502 | 47,512 |
| | | 716,362 | 777,950 |
| DEFERRED TAX | 12 | 16,295 | 22,513 |
| CURRENT LIABILITIES | | | |
| Creditors | 13 | 26,977 | 25,482 |
| Amount due to subsidiary companies | 8 | 8,365 | - |
| Bank overdraft | 15 | 1,904 | 457 |
| Tax payable | | 2,308 | - |
| | | 39,554 | 25,939 |
| TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES | | 772,211 | 826,402 |

The accounts set out on pages 14 to 31 were approved by the Board of Directors on 11 December 2001 and signed on its behalf by :

N N Merali }
K A Somaya } Directors

CMA-LIBRARY



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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2001

| | Notes | 2001 K.Shs '000 | 2000 K.Shs '000 |
|---|-------|--------------------|--------------------|
| TURNOVER | 16 | 874,602 | 1,017,484 |
| Cost of sales | 17 | (590,340) | (651,205) |
| Gross profit | | 284,262 | 366,279 |
| Other operating income | 18 | 23,696 | 30,554 |
| Administration and establishment expenses | 19 | (237,734) | (224,525) |
| Selling and distribution expenses | 20 | (8,032) | (6,489) |
| Other charges and expenses | 21 | (3,330) | (3,094) |
| Profit from operations | | 58,862 | 162,725 |
| Finance costs | 22 | (1,852) | (1,546) |
| Share of profits of associated company | | (22,114) | 415 |
| Profit before tax, minority interests and extraordinary item | 23 | 34,896 | 161,594 |
| Taxation | 14 | (24,114) | (52,954) |
| Profit after tax before minority interests and extraordinary item | | 10,782 | 108,640 |
| Minority interests | | 3,081 | 4,507 |
| Profit from ordinary activities | | 13,863 | 113,147 |
| Extraordinary item | 24 | - | (2,375) |
| Profit attributable to the members | | 13,863 | 110,772 |
| | | K.Shs | K.Shs |
| EARNINGS PER SHARE | 25 | 0.36 | 2.91 |

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2001

| THE GROUP | Note | Share capital K.Shs '000 | Capital reserves K.Shs '000 | Revenue reserves K.Shs '000 | Proposed dividends K.Shs '000 | Total equity K.Shs '000 |
|--------------------------------------|------|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------|
| At 1 October 1999 | | 190,046 | 1,512,034 | 433,493 | 19,005 | 2,154,578 |
| Prior year adjustment | 26 | - | - | 9,828 | - | 9,828 |
| As restated | | 190,046 | 1,512,034 | 443,321 | 19,005 | 2,164,406 |
| Adjustment on disposal of subsidiary | | - | - | 1,882 | - | 1,882 |
| Excess depreciation on revaluation | | - | (34,996) | 34,996 | - | - |
| Release of depreciation on disposal | | - | (866) | 866 | - | - |
| Profit attributable to the members | | - | - | 110,772 | - | 110,772 |
| Deferred tax | 12 | - | 16,842 | - | - | 16,842 |
| Final dividend 1999 | | - | - | - | (19,005) | (19,005) |
| Interim dividend 2000 | | - | - | (28,507) | - | (28,507) |
| Proposed dividend 2000 | | - | - | (47,512) | 47,512 | - |
| At 30 September 2000 | | 190,046 | 1,493,014 | 515,818 | 47,512 | 2,246,390 |
| At 1 October 2000 | | 190,046 | 1,493,014 | 515,818 | 47,512 | 2,246,390 |
| Prior year adjustment | 26 | - | - | (2,553) | - | (2,553) |
| As restated | | 190,046 | 1,493,014 | 513,265 | 47,512 | 2,243,837 |
| Excess depreciation on revaluation | | - | (29,176) | 29,176 | - | - |
| Release of depreciation on disposal | | - | (488) | 488 | - | - |
| Profit attributable to the members | | - | - | 13,863 | - | 13,863 |
| Deferred tax | 12 | - | 8,034 | - | - | 8,034 |
| Final dividend 2000 | | - | - | - | (47,512) | (47,512) |
| Interim dividend 2001 | | - | - | (28,507) | - | (28,507) |
| Proposed dividend 2001 | | - | - | (9,502) | 9,502 | - |
| At 30 September 2001 | | 190,046 | 1,471,384 | 518,783 | 9,502 | 2,189,715 |



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2001

| THE COMPANY | Share capital K.Shs '000 | Capital reserves K.Shs '000 | Revenue reserves K.Shs '000 | Proposed dividends K.Shs '000 | Total equity K.Shs '000 |
|------------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------|
| At 1 October 1999 | 190,046 | 510,574 | 59,007 | 19,005 | 778,632 |
| Excess depreciation on revaluation | - | (14,754) | 14,754 | - | - |
| Profit attributable to the members | - | - | 40,229 | - | 40,229 |
| Deferred tax | - | 6,601 | - | - | 6,601 |
| Final dividend 1999 | - | - | - | (19,005) | (19,005) |
| Interim dividend 2000 | - | - | (28,507) | - | (28,507) |
| Proposed dividend 2000 | - | - | (47,512) | 47,512 | - |
| At 30 September 2000 | 190,046 | 502,421 | 37,971 | 47,512 | 777,950 |
| At 1 October 2000 | 190,046 | 502,421 | 37,971 | 47,512 | 777,950 |
| Excess depreciation on revaluation | - | (13,151) | 13,151 | - | - |
| Profit attributable to the members | - | - | 10,998 | - | 10,998 |
| Deferred tax | - | 3,433 | - | - | 3,433 |
| Final dividend 2000 | - | - | - | (47,512) | (47,512) |
| Interim dividend 2001 | - | - | (28,507) | - | (28,507) |
| Proposed dividend 2001 | - | - | (9,502) | 9,502 | - |
| At 30 September 2001 | 190,046 | 492,703 | 24,111 | 9,502 | 716,362 |



CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2001

| | Note | 2001 K.Shs '000 | 2000 K.Shs '000 |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit before tax, minority interests and extraordinary item | | 34,896 | 161,594 |
| <i>Adjustments for:</i> | | | |
| Depreciation | | 92,874 | 95,327 |
| Foreign exchange gain/(loss) | | 957 | (7,784) |
| Share of profits of associated company | | 22,114 | (415) |
| Diminution in value of investment | | 6,525 | - |
| Interest received | | (9,243) | (7,925) |
| Dividend received from trade investments | | (1,638) | (4,908) |
| Interest expense | | 1,852 | 1,546 |
| Gain on disposal of fixed assets | | (1,524) | (3,188) |
| Loss on disposal of fixed assets | | 171 | 343 |
| Operating profit before working capital changes | | 146,984 | 234,590 |
| (Increase)/decrease in stocks | | (35,270) | 13,884 |
| Decrease/(increase) in debtors | | 10,769 | (28,978) |
| (Decrease)/increase in creditors | | 3,352 | 39,332 |
| Cash generated from operations | | 125,835 | 258,828 |
| Interest paid | | (1,852) | (1,546) |
| Income taxes paid | | (57,134) | (57,062) |
| Cash from operating activities | | 66,849 | 200,220 |
| Cash flow from investing activities | | | |
| Purchase of fixed assets | | (50,033) | (70,270) |
| Dividend received from trade investments | | 1,638 | 4,908 |
| Proceeds on sale of fixed assets | | 3,259 | 3,933 |
| Work in progress | | (3,259) | 177 |
| Purchase of investment | | (55,000) | - |
| Interest received | | 9,243 | 7,925 |
| Net cash used by investing activities | | (94,152) | (53,327) |
| Cashflows from financing activities | | | |
| Dividend paid on ordinary shares | | (76,019) | (47,512) |
| Net cash used by financing activities | | (76,019) | (47,512) |
| Net increase/(decrease) in cash and cash equivalents | | (103,322) | 99,381 |
| Cash and cash equivalents at the beginning of the year | | 244,787 | 137,622 |
| Effect of exchange rate changes | | (957) | 7,784 |
| Cash and cash equivalents at the end of the year | 27 | 140,508 | 244,787 |



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2001

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Group prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiaries made up to 30 September 2001.

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 accounts include the Group's share of the profits and attributable taxation of the associated company based on the latest audited accounts.

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.

Subsidiary companies

The investment in subsidiary companies is accounted for at cost.

Revenue recognition

Turnover includes gross sales proceeds from coffee, tea and the sale of livestock and dairy products net of all selling charges, marketing commission, ad valorem levy and County Council cess where applicable, and is accounted for on the accrual basis.

Other revenues earned by the Group are recognised as follows:

| | | |
|----------------------------|---|---|
| Interest and rental income | - | as it accrues unless collectibility is doubtful. |
| Dividend income | - | when the shareholder's right to receive payment is established. |

Taxation

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with tax legislation. Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and the unused tax credits can be utilised.

Trade investments

Quoted investments are stated at market value. Other 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 is stated at directors' valuation.

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2001

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets and depreciation

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

Leasehold properties are amortised over the remaining period of the lease.

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 in earnings, the development costs in respect of such areas are written off to the profit and loss account. Subsequent development costs attributable to such areas are capitalised.

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

| | |
|--|---------------------------------|
| Buildings and improvements | Over the estimated useful lives |
| Plant, machinery and tools | 12.5% |
| Rolling stock | 25% |
| Farm implements, furniture and equipment | 12.5% |
| Computers | 33.3% |



The excess depreciation charge on the revalued element of the assets is transferred from capital reserves to revenue reserves

Foreign currency transactions

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

Contributions made to the defined contribution scheme are charged to the profit and loss account as incurred. The group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are limited to K.Shs 80 per employee per month. The group's contribution to the above schemes are charged to the profit and loss account in the year to which they relate.

Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

Employee entitlements

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 the employees up to the balance sheet date.

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

Dividends

Dividends are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

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NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2001

2 (a) FIXED ASSETS**The Group**

| | Land and development K.Shs '000 | Buildings and improvements K.Shs '000 | Plant and machinery and tools K.Shs '000 | Rolling stock and farm implements K.Shs '000 | Furniture and equipment K.Shs '000 | Total K.Shs '000 |
|-----------------------------|--|--|--|---|---|---------------------|
| COST OR VALUATION | | | | | | |
| At 1 October 2000 | 1,394,759 | 511,928 | 347,029 | 140,215 | 46,227 | 2,440,158 |
| Additions | 4,907 | 4,233 | 22,419 | 14,183 | 4,291 | 50,033 |
| Disposals | - | - | - | (8,734) | (434) | (9,168) |
| At 30 September 2001 | 1,399,666 | 516,161 | 369,448 | 145,664 | 50,084 | 2,481,024 |
| Comprising: | | | | | | |
| At cost | 137,890 | 80,228 | 126,800 | 102,481 | 37,938 | 485,337 |
| At valuation | 1,261,776 | 435,933 | 242,648 | 43,183 | 12,146 | 1,995,686 |
| | 1,399,666 | 516,161 | 369,448 | 145,664 | 50,084 | 2,481,024 |
| DEPRECIATION | | | | | | |
| At 1 October 2000 | - | 162,367 | 181,796 | 98,236 | 28,695 | 471,094 |
| Charge for the year | 350 | 27,259 | 42,846 | 16,916 | 5,504 | 92,874 |
| Disposals | - | - | - | (7,153) | (108) | (7,261) |
| At 30 September 2001 | 350 | 189,626 | 224,642 | 107,999 | 34,090 | 556,707 |
| NET BOOK VALUE | | | | | | |
| At 30 September 2001 | 1,399,316 | 326,536 | 144,806 | 37,665 | 15,994 | 1,924,317 |
| At 30 September 2000 | 1,394,759 | 349,561 | 165,233 | 41,979 | 17,532 | 1,969,064 |

Most of the group's fixed assets were revalued on 30 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. |

The valuation surplus was credited to capital reserves.

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated fixed assets with a cost of K.Shs 86,644,499 (2000 - K.Shs 47,227,837) which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to K.Shs 20,997,021 (2000 - K.Shs 12,507,277).

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2001

2 (b) **FIXED ASSETS****The Company**

| | Land and development K.Shs '000 | Buildings and improvements K.Shs '000 | Plant and machinery and tools K.Shs '000 | Rolling stock and farm implements K.Shs '000 | Furniture and equipment K.Shs '000 | Total K.Shs '000 |
|-----------------------------|--|--|--|---|---|---------------------|
| COST OR VALUATION | | | | | | |
| At 1 October 2000 | 421,956 | 193,673 | 79,395 | 52,793 | 18,873 | 766,690 |
| Additions | 1,033 | - | - | 4,969 | 3,011 | 9,013 |
| Disposals | - | - | - | (880) | (434) | (1,314) |
| At 30 September 2001 | 422,989 | 193,673 | 79,395 | 56,882 | 21,450 | 774,389 |
| Comprising: | | | | | | |
| At cost | 64,944 | 12,615 | 6,253 | 43,899 | 16,965 | 144,676 |
| At valuation | 358,045 | 181,058 | 73,142 | 12,983 | 4,485 | 629,713 |
| | 422,989 | 193,673 | 79,395 | 56,882 | 21,450 | 774,389 |
| DEPRECIATION | | | | | | |
| At 1 October 2000 | - | 65,908 | 31,107 | 37,360 | 8,596 | 142,971 |
| Charge for the year | - | 11,400 | 7,030 | 7,248 | 3,139 | 28,817 |
| Disposals | - | - | - | (880) | (108) | (988) |
| At 30 September 2001 | - | 77,308 | 38,137 | 43,728 | 11,626 | 170,799 |
| NET BOOK VALUE | | | | | | |
| At 30 September 2001 | 422,989 | 116,365 | 41,258 | 13,154 | 9,824 | 603,590 |
| At 30 September 2000 | 421,956 | 127,765 | 48,288 | 15,433 | 10,277 | 623,719 |

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated fixed assets with a cost of K.Shs 32,743,466 (2000 : K.Shs 17,697,276) which are still in use. If depreciation had been charged during the year on the cost of these assets at normal rates, it would have amounted to K.Shs 7,927,923 (2000 : K.Shs 4,566,939).

2 (c) **CAPITAL WORK IN PROGRESS**

The capital work in progress at 30 September 2001 relates to water purification system, re-siting of Factory Manager's office and four Assistant Managers' bungalows.

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NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2001

3. INVESTMENT IN SUBSIDIARY COMPANIES

| Company | 2001 | 2000 |
|---|------------|------------|
| | K.Shs '000 | K.Shs '000 |
| Shares in subsidiary companies at cost less amounts written off | 14,797 | 14,797 |

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) |
| Kipkebe Estates Limited | 100 | (100% held by Kipkebe Limited) |
| Mweiga Estate Limited | 75 | |
| Wahenya Limited | 75 | (100% held by Mweiga Estate Limited) |

Group

| | | |
|-----------------------------|--------|---|
| Maramba Tea Factory Limited | 55,000 | - |
|-----------------------------|--------|---|

Kipkebe Estates Limited, a wholly owned subsidiary of Kipkebe Limited, owns 55% of the shares in Maramba Tea Factory Limited. Kipkebe Limited is, therefore, the ultimate Holding Company of Maramba Tea Factory Limited. The Group's investment in Maramba Tea Factory Limited has been shown at cost since the Company has not commenced trading.

4. INVESTMENT IN ASSOCIATED COMPANY

| | The Group | | The Company | |
|---------------------------------------|------------|------------|-------------|------------|
| | 2001 | 2000 | 2001 | 2000 |
| | K.Shs '000 | K.Shs '000 | K.Shs '000 | K.Shs '000 |
| Investment in Garton Limited | | | | |
| Unquoted: | | | | |
| Share of net assets | 81,318 | 96,676 | - | - |
| Shares at cost | - | - | 12 | 12 |
| | 81,318 | 96,676 | 12 | 12 |
| The Group's share of reserves: | | | | |
| Capital reserves | 60,103 | 60,103 | | |
| Revenue reserves | 21,203 | 36,561 | | |
| | 81,306 | 96,664 | | |

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 accounts as at 31 December 2000.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2001

5. OTHER INVESTMENTS

| | The Group | | The Company | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2001 K.Shs '000 | 2000 K.Shs '000 | 2001 K.Shs '000 | 2000 K.Shs '000 |
| Trade investments : Quoted | 4,831 | 11,356 | 31 | 31 |
| Unquoted | 6,029 | 6,029 | 1,267 | 1,267 |
| | 10,860 | 17,385 | 1,298 | 1,298 |

The quoted trade investments of the Group and the Company have a market valuation of K.Shs 4,830,800 (2000 : K.Shs 9,030,880) and K.Shs 31,000 (2000 : K.Shs 31,000) respectively.

The unquoted trade investments of the Group and the Company are valued by the directors at K.Shs 122,220,291 (2000 : K.Shs 68,281,608) and K.Shs 1,267,480 (2000 : K.Shs 1,267,480) respectively.

6. STOCKS

| | The Group | | The Company | |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2001 K.Shs '000 | 2000 K.Shs '000 | 2001 K.Shs '000 | 2000 K.Shs '000 |
| Tea | 52,527 | 46,505 | - | - |
| Tea and tree nurseries | 7,189 | 8,666 | - | - |
| Coffee | 43,205 | 26,877 | 33,445 | 19,580 |
| Livestock | 1,133 | 1,125 | 149 | 131 |
| Estate stores | 54,156 | 39,767 | 13,463 | 11,336 |
| | 158,210 | 122,940 | 47,057 | 31,047 |

7. DEBTORS

| | | | | |
|------------------------------------|---------------|---------------|--------------|--------------|
| Trade debtors | 41,607 | 52,195 | 3,245 | 1,601 |
| Other debtors and prepaid expenses | 42,850 | 43,031 | 5,567 | 5,173 |
| | 84,457 | 95,226 | 8,812 | 6,774 |

8. SUBSIDIARY COMPANY BALANCES

| | | | | |
|-----------------------|---|---|---------|--------|
| Due from subsidiaries | - | - | 12,680 | 17,167 |
| Due to subsidiaries | - | - | (8,365) | - |

9. SHARE CAPITAL

| | | | |
|--|--|---------|---------|
| Authorised: | | | |
| 40,000,000 ordinary shares of K.Shs 5 each | | 200,000 | 200,000 |
| Issued and fully paid: | | | |
| 38,009,250 ordinary shares of K.Shs 5 each | | 190,046 | 190,046 |

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2001

| 20. SELLING AND DISTRIBUTION EXPENSES | 2001 | 2000 |
|---------------------------------------|------------|------------|
| | K.Shs '000 | K.Shs '000 |
| Warehousing and storage charges | 8,032 | 6,489 |
| 21. OTHER CHARGES AND EXPENSES | | |
| Livestock expenditures | 3,159 | 2,751 |
| Loss on disposal of fixed assets | 171 | 343 |
| | 3,330 | 3,094 |
| 22. FINANCE COSTS | | |
| Bank charges and interest | 1,852 | 1,546 |

23. PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM

The profit before taxation and extraordinary item is arrived at after charging:

| | | |
|--|--------|--------|
| Depreciation | 92,874 | 95,327 |
| Pension scheme contributions | 6,349 | 6,440 |
| Directors' emoluments: | | |
| - fees | 1,266 | 544 |
| - other | 11,926 | 9,423 |
| Auditors' remuneration | 1,713 | 1,672 |
| (Company : K.Shs 550,000 (2000 : K.Shs 550,000)) | | |
| Bank charges and interest | 1,852 | 1,546 |
| Loss on disposal of fixed assets | 171 | 343 |
| And after crediting: | | |
| Income from trade investments | 1,638 | 4,908 |
| Interest income | 9,243 | 7,925 |
| Foreign exchange (loss)/gain | (957) | 7,784 |
| Gain on disposal of fixed assets | 1,524 | 3,188 |

24. EXTRAORDINARY ITEM

This relates to amounts written off following the dissolution of the subsidiary, Warren Kenya Limited.

25. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after taxation and minority interests of K.Shs 13,863,000 (2000 : K.Shs 110,772,000) and on 38,009,250 ordinary shares.

26. PRIOR YEAR ADJUSTMENT

| | 2001 | 2000 |
|---|------------|------------|
| | K.Shs '000 | K.Shs '000 |
| Tax losses on Wahenya Limited | - | 4,913 |
| Other temporary differences on Kipkebe Limited | - | 10,178 |
| Accelerated tax allowances for the associated company | - | (4,443) |
| Other temporary differences for the associated company | - | (795) |
| Withholding tax on imported services to Kipkebe Limited | (2,553) | - |
| Others | - | (25) |
| | (2,553) | 9,828 |

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2001

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:

| | 2001 K.Shs '000 | 2000 K.Shs '000 |
|---|--------------------|--------------------|
| Bank balances, cash and short-term deposits | 145,035 | 248,467 |
| Bank overdrafts | (4,527) | (3,680) |
| | 140,508 | 244,787 |

28. PROFIT ATTRIBUTABLE TO THE MEMBERS

The profit dealt with in the financial statements of the parent company is K.Shs 10,997,870 (2000 : K.Shs 40,228,919), after recognising dividend income from subsidiary companies in the year to which it relates.

29. CAPITAL COMMITMENTS

| | The Group | | The Company | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2001 K.Shs '000 | 2000 K.Shs '000 | 2001 K.Shs '000 | 2000 K.Shs '000 |
| Authorised and contracted for | - | 20,006 | - | 1,240 |

30. RELATED PARTY TRANSACTIONS

The Company shares common directors with some of its subsidiary companies and suppliers to and from whom goods and services were supplied during the period under review. These transactions were at arm's length and in the normal course of business. The following transactions were entered into with these related parties:

| | 2001 K.Shs '000 | 2000 K.Shs '000 |
|--------------------------------|--------------------|--------------------|
| Purchase of goods and services | | |
| Ryce Motors Limited | 10,361 | 181 |
| Ryce Engineering Limited | 2,192 | 8,837 |
| OEL Sysnet Limited | 169 | 72 |
| Tyre Centre Limited | 198 | 607 |
| Sameer Management Limited | 3,000 | 2,575 |
| | 15,920 | 12,272 |

The Company also shares common directors with two of its bankers, who supplied a range of banking services to the Company and its subsidiaries during the period under review. The transactions entered into with these related parties were at arm's length and in the normal course of business.

31. CONTINGENT LIABILITIES

| | The Group | | The Company | |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2001 K.Shs '000 | 2000 K.Shs '000 | 2001 K.Shs '000 | 2000 K.Shs '000 |
| Liabilities under guarantee | 10,250 | 10,250 | 500 | 500 |

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2001

32. BUSINESS SEGMENT

The major part of the business of the Group falls under the category of growing, processing and selling tea and coffee with other income comprising less than 2.9% of the Group's total income.

33. CURRENCY RISK

The Group operates wholly within Kenya and its assets and liabilities are reported in local currency. Although some of the transactions are in foreign currency, the Group had no significant foreign currency exposure as at 30 September 2001.

34. EMPLOYEES

The average number of employees within the Group during the period under review was 4,508 (2000 : 4,541).

35. COMPARATIVES

Comparative figures have been adjusted where necessary in order to conform with changes in presentation in the current year.

36. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

37. CURRENCY

These accounts are presented in Kenya Shillings (K.Shs).



Sasini



FIVE YEAR COMPARATIVE STATEMENT

PRODUCTION AND SALES STATISTICS

| TEA | | 2001 | 2000 | 1999 | 1998 | 1997 |
|--------------------|-------------|-----------|-----------|-----------|-----------|-----------|
| Area | - Hectares | 1,301 | 1,243 | 1,220 | 1,220 | 1,162 |
| Production | - Kilograms | 7,240,302 | 7,067,005 | 6,888,213 | 6,809,212 | 4,479,398 |
| Sales | - Kilograms | 7,148,858 | 7,129,186 | 6,695,212 | 6,972,776 | 4,426,967 |
| Net sales proceeds | - K.Shs/Kg | 95.43 | 114.47 | 93.76 | 98.52 | 86.18 |

COFFEE

| | | | | | | |
|--------------------|--------------------|-------|-------|-----|-----|-------|
| Area | - Hectares | 906 | 906 | 907 | 903 | 840 |
| Production | - Tonnes | 1,453 | 1,493 | 797 | 867 | 1,023 |
| Sales | - Tonnes | 1,392 | 1,380 | 700 | 890 | 1,143 |
| Net sales proceeds | - K.Shs '000/tonne | 124 | 140 | 192 | 290 | 221 |

RESULTS

| | K.Shs '000 |
|---|------------|------------|------------|------------|------------|
| TURNOVER | 874,602 | 1,017,484 | 766,361 | 955,799 | 643,287 |
| Profit before taxation and minority interests | 34,896 | 161,594 | 49,981 | 209,182 | 170,922 |
| Taxation | (24,114) | (52,954) | (28,597) | (84,865) | (69,157) |
| Profit after taxation before minority interests | 10,782 | 108,640 | 21,384 | 124,317 | 101,765 |
| Minority interests | 3,081 | 4,507 | 4,668 | (2,611) | (2,253) |
| Extraordinary item | - | (2,375) | - | - | - |
| Profit attributable to members of Sasini Tea and Coffee Limited | 13,863 | 110,772 | 26,052 | 121,706 | 99,512 |
| Dividend | (38,009) | (76,019) | (19,005) | (114,028) | (76,019) |
| Retained profit for the year transferred to reserves | (24,146) | 34,753 | 7,047 | 7,678 | 23,493 |

ASSETS EMPLOYED

| | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed assets | 1,924,317 | 1,969,064 | 1,995,212 | 2,050,434 | 2,010,459 |
| Capital work in progress | 4,416 | 1,157 | 1,334 | 596 | 643 |
| Investments | 147,178 | 114,061 | 112,874 | 111,940 | 87,800 |
| Net current assets | 244,317 | 313,694 | 243,651 | 236,009 | 237,722 |
| | 2,320,228 | 2,397,977 | 2,353,071 | 2,398,979 | 2,336,624 |

FINANCED BY

| | | | | | |
|---------------------|------------------|------------------|------------------|------------------|------------------|
| Share capital | 190,046 | 190,046 | 190,046 | 190,046 | 126,697 |
| Reserves | 1,990,167 | 2,008,832 | 1,955,355 | 1,940,015 | 2,113,965 |
| Proposed dividends | 9,502 | 47,512 | 19,005 | 38,009 | 12,670 |
| Shareholders' funds | 2,189,715 | 2,246,390 | 2,164,406 | 2,168,070 | 2,253,332 |
| Minority interests | 64,922 | 67,652 | 72,990 | 78,933 | 83,292 |
| Deferred Tax | 65,591 | 83,935 | 115,675 | 151,976 | - |
| NET ASSETS | 2,320,228 | 2,397,977 | 2,353,071 | 2,398,979 | 2,336,624 |

RATIOS

| | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|
| Earnings per share | 0.36 | 2.91 | 0.69 | 3.20 | 2.62 |
| Dividend per share | 1.00 | 2.00 | 0.50 | 3.00 | 2.00 |
| Dividend cover (times covered) | 0.36 | 1.46 | 1.37 | 1.07 | 1.31 |
| Net assets per share | 61.04 | 63.09 | 61.91 | 63.12 | 61.48 |

- The earnings and net assets per share for prior years have been restated to take account of subsequent bonus issues.
- Shareholders' funds for prior years have been restated to include proposed dividends for the particular year.