Sasini

Serving Tea and Coffee to the World

Contents

2007/0074

Company Information

Directors	A. P. Hamilton* (Chairman) N. N. Merali, CBS I. A. Timamy, CPS (Kenya) M. N. Omar A. H. Butt, CPA (Kenya), FCCA M. H. Da Gama-Rose, BA B. M. Williams P. W. Muthoka, BA (Hons), MA, MKIM **British*
Secretary	I. A. Timamy, CPS (Kenya)
Advocates	Shapley Barret and Co. Advocates P. O. Box 40286 00100 GPO NAIROBI Timamy and Company Advocates P. O. Box 87288 80100 GPO MOMBASA
Registered Office and Principal Place of Business	Sasini House Loita Street P. O. Box 30151 00100 GPO NAIROBI
Auditors	Ernst & Young Certified Public Accountants of Kenya P. O. Box 44286 00100 GPO NAIROBI
Bankers	Barclays Bank of Kenya Limited First American Bank of Kenya Limited Equatorial Commercial Bank Limited

Notice of Meeting

Notice is hereby given that the 52nd ANNUAL GENERAL MEETING of the members will be held at the Hotel Inter-Continental, Nairobi on Thursday, 26th February 2004 at 11.00 am for the following purposes:

1. To confirm the minutes of the 51st Annual General Meeting held on 28th February 2003.

2. To receive, consider and if deemed fit, adopt the annual financial statements for the year ended 30th September 2003 together with the reports thereon of the Directors and of the Auditors.

3. 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 73 years, be and is hereby re-elected a director of the Company ".

    ii) " That Mr. A. P. Hamilton, a director who has attained the age of 76 years, be and is hereby re-elected a director of the Company ".

4. To confirm the Directors' emoluments.

5. To appoint Ernst & Young as auditors for the ensuing year and to authorise the Directors to fix their remuneration.

6. 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 2003

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 set out on page 39.

Ilani ya Mkutano

Ilani inatolewa hapa kuwa mkutano mkuu wa kila mwaka wa hamsini na mbili (52) wa wanachama utafanyika katika hoteli ya Inter - Continental, Nairobi, Alhamisi, tarehe 26 Februari 2004, saa tano asubuhi kwa madhumuni yafuatayo:

1. Kuthibitisha matokeo ya mkutano mkuu wa hamsini na moja (51) uliofanyika tarehe 28 Februari 2003.

2. Kupokea, kuchunguza na ikionekana sawa kuidhinisha taarifa za kifedha za mwaka uliomalizikia tarehe 30 Septemba 2003, pamoja na taarifa za wakurugenzi na wakaguzi wa hesabu kuhusiana na hesabu hizo.

3. 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 kufuatana na kifungu 186(5) cha Sheria za Makampuni, kufikiria mapendekezo yafuatayo :

   (i) "Kwamba Bw. M. H. Da Gama-Rose, mkurugenzi aliyefikisha umri wa miaka 73, achaguliwe na hapa anachaguliwa tena mkurugenzi wa kampuni".

   (ii) "Kwamba Bw. A. P. Hamilton, ambaye ana umri wa miaka 76, achaguliwe na hapa anachaguliwa mkurugenzi wa kampuni".

4. Kuidhinisha malipo ya wakurugenzi.

5. Kuwachagua Ernst & Young kama wakaguzi wa hesabu wa mwaka unaofuata na kuwapa wakurugenzi idhini ya kuamua ujira wao.

6. 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 2003.

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 katika ukurasa wa 39.

Chairman's Statement

The general economic recession affecting most countries in the world continued during the financial year ended 2003 in spite of the expected upturn. Corporate earnings in both the developed and developing world have been reduced quite significantly due to the tough economic climate. In this regard, Kenya has been no exception. In spite of a very peaceful general election in December 2002, and the smooth transfer of power to a new government, all sectors of the economy have had to "tighten the belt". The agricultural sector, in particular, has had to endure low production and sales volumes amid increased global competition. Although our company managed to meet both its production and sales targets for the year, these were significantly lower than those achieved in the previous year.

The biggest impact on our company's level of profitability has been the extremely low international prices for coffee. These, combined with lower volumes of production and sales have reduced the Company's profitability quite significantly. The results for the financial year 2002/03 show a loss after taxation and minority interests of K.Shs 67.22 million. Although this shows a significant downturn in our company's financial performance from the previous year, the results for the financial 2001/02 included an exceptional profit K.Shs 41.82 million arising from the disposal of our company's shares in Garton Limited. Although we achieved marginally better price realisations for our teas, these were not enough to mitigate the overall loss for the financial year. Prospects for the financial year 2003/04 also look worrying in view of the continuing depressed global prices for coffee combined with increasing costs of production for the Kenyan producers of the crop.

Our tea production for the financial year was a record 8.23 million kilograms compared to 7.54 million kilograms achieved during the previous year. This was made up of 6.64 million kilograms from our own tea operations and 1.59 million kilograms from Maramba Tea Factory in Limuru. Of the total production for the year from our tea operations at Kipkebe Limited, 66% was derived from green leaf from our own estates, whilst the remaining 34% was sourced from our regular outgrowers.

Tea sales for the year also increased to a record 8.19 million kilograms compared to the 7.62 million kilograms achieved during the previous year. This was made up of 6.58 million kilograms from Kipkebe Limited and 1.61 million kilograms from Maramba Tea Factory. Of the total quantity of tea sold during the year, 90% was sold through the auctions in Mombasa, with the remaining 10% sold directly through private treaty contracts. This compared with 95% and 5% respectively for the previous year. In this regard, it is worth noting that the Company disposed its shares in Maramba Tea Factory Limited on 31st July 2003, and the above production and sales figures for Maramba, therefore, cover a period of 10 months.

Our average sales price per kilogram of tea for the year was marginally up to K.Shs 90.25 from K.Shs 88.51 for the previous year. This increase in price was largely due to the higher realisations achieved for the Maramba teas. For Kipkebe Limited, the average sales price per kilogram achieved during the financial year was K.Shs 87.31, down from K.Shs 87.91 for the previous year. Although great efforts were made to ensure that our teas were of a consistent quality, there were occasions when this was not the case. However, the lower average sales price for our tea was primarily due to depressed international market prices for the commodity, which have had a significant adverse effect on profitability levels within our tea operations.

Since the end of our financial year, production levels of tea across the country have increased quite substantially. This has had the effect of lowering prices for tea realised at the auctions as well as for private treaty sales. Any meaningful improvement in tea prices in the near future will be dependent upon reductions in the quantities available for sale at the auctions. Operating costs within our tea sector continued to be monitored very closely during the current financial year, and further efforts to reduce costs where possible will be a priority. A return to meaningful profitability within our tea operations will, however, depend on market prices increasing to reasonable levels during the coming financial year.

For the third year running, our coffee operations continued to be adversely affected by depressed international market prices. Production levels for the year, although in line with our estimates, continued to decline over the previous two financial years. A total production of 987 tonnes of coffee was achieved during the year compared to 1,113 tonnes for the previous year, and 1,453 tonnes for the year before that. Our total sales of coffee for the year were 917 tonnes compared to 1,224 tonnes sold in the previous year, and the record 1,392 tonnes sold in the financial 2000/01. The continued global surplus of arabica coffee, combined with static demand levels for Kenyan coffee has depressed coffee prices further during the current financial year. The average sales price per tonne realised during 2002/03 declined by 14.4% to K.Shs 107,000 from the already low level of K.Shs 125,000 for the previous year.

The steady decline in the coffee industry in Kenya, combined with depressed global market prices for coffee, continues to have an adverse effect on profitability levels within the sector. In addition, the current coffee marketing regulations within Kenya give no scope for producers to market their own coffee through direct private treaty sales. This was brought to the attention of shareholders in my statement last year, and is an area that needs to be looked at urgently if we are to retain a once vitally important industry for the country. Whilst the cost of farm inputs have increased during the year, our managers have endeavoured to ensure that all other costs are controlled, without reducing the requirement to maintain our coffee estates in good condition. A return to meaningful profitability within the sector, however, remains a difficult prospect without a marked improvement in the price of our coffee during the coming financial year.

Whilst the Company remains committed to the agricultural sector in this country, and in particular the coffee industry, continued losses within its current operations cannot be sustained much longer. Your Board has, therefore, instructed the Management to actively look at meaningful alternatives to coffee, as well as other value addition activities, which can be combined with its existing operations so as to return the Company to profitability as soon as possible. In this regard, I am confident that our company will "weather the storm" and return to profitability levels that will enable us to reward our shareholders with dividends which have had to be reduced during the last two financial years. An essential requirement, however, would be that global commodity prices for both tea and coffee improve significantly from their present levels so as to provide us with a meaningful return on our investment.

A. P. Hamilton

Taarifa ya Mwenyekiti

Hali ya kiujumla ya mdororo wa kiuchumi inayoathiri nchi nyingi ulimwenguni iliendelea katika mwaka wa kifedha ulioishia 2003 dhidi ya unafuu uliotarajiwa. Mapato katika sehemu zote za ulimwengu, zilizoendelea na zinazoendelea yamepunguzwa kwa kiasi kikubwa kutokana na hali ngumu za kiuchumi. Kwa hali hii, Kenya haikuwa tofauti. Dhidi ya uchaguzi mkuu uliofanyika kwa amani wa uraisi Desemba 2002 na ubadilishanaji wa mamlaka usiokuwa na matatizo kwa serikali mpya, sekta zote za uchumi zimebidi "kujikaza kibobwe". Hasa sekta ya kilimo imebidi kuvumilia uzalishaji mdogo na viwango vidogo vya mauzo katika mashindano ya kilimwengu yalioongezeka. Ijapokuwa kampuni yetu imeweza kutekeleza viwango vyake vya shabaha katika mwaka, za zote uzalishaji na mauzo, hivi vilikuwa vidogo zaidi kuliko vile vilivyofikiwa katika mwaka uliopita.

Athari kubwa kabisa kwenye kiwango cha faida cha kampuni yetu imekuwa bei za chini kabisa za kahawa za kimataifa. Hizi, pamoja na viwango vya chini vya uzalishaji na mauzo vimepunguza faida ya kampuni kwa kiasi kikubwa. Matokeo ya mwaka wa kifedha wa 2002/03 yanaonyesha hasara baada ya utozaji wa kodi na manufaa ya wachache ya Kshs. milioni 67.22. Ingawa hii inaonyesha mabadiliko ya kupungua katika utendaji wa kifedha wa kampuni kutoka mwaka uliopita, matokeo ya mwaka wa kifedha 2001/02 yalijumuisha faida isiokuwa ya kawaida ya Kshs milioni 41.82, iliotokana na kuuza hisa za Garton Limited. Ijapokuwa tulipata bei nzuri kidogo kwa chai zetu, hizi hazikutosha kupunguza hasara ya jumla ya mwaka wa kifedha. Matarajio ya mwaka wa kifedha 2003/04 pia yanaonyesha wasiwasi. Kutokana na kuendelea kupungua kwa bei za ulimwengu za kahawa pamoja na gharama zinazoongezeka za uzalishaji kwa wakuzaji wa bidhaa hii wa Kenya.

Uzalishaji wetu wa chai kwa mwaka huu wa kifedha ulikuwa ni rekodi ya kilo milioni 8.23 ikilinganishwa na kilo milioni 7.54 zilizopatikana katika mwaka uliotangulia. Hii ilitokana na kilo milioni 6.64 kutokana na shughuli zetu wenyewe za chai na kilo milioni 1.59 kutoka kiwanda cha chai cha Maramba, Limuru. Kutokana na uzalishaji wa jumla wa mwaka katika shughuli zetu za chai za Kipkebe Limited, asilimia 66 ilitokana na majani kijani kutoka katika mashamba yetu wenyewe, hali asilimia 34 iliobakia ilipatikana kutoka kwa wakuzaji wetu wa kawaida.

Mauzo ya chai ya mwaka pia yaliongezeka kufikia rekodi ya kilo milioni 8.19 ikilinganishwa na kilo milioni 7.62 yaliyopatikana katika mwaka uliotangulia. Haya ni kutokana na kilo milioni 6.58 kutoka Kipkebe Limited na kilo milioni 1.61 kutoka kiwanda cha chai cha Maramba. Katika idadi ya jumla ya chai iliouzwa katika mwaka, asilimia 90 iliuzwa kupitia minada Mombasa na asilimia kumi iliobakia ikiuzwa moja kwa moja kupitia mapatano ya mikataba ya kibinafsi. Hii inalingana na asilimia 95 na asilimia 5 katika mwaka uliotangulia. Kulingana na haya, ni muhimu kufahamu kuwa kampuni iliuza hisa zake katika kiwanda cha chai cha Maramba tarehe 31 Julai 2003, na kwa hivyo hesabu za uzalishaji na mauzo zilizotajwa hapo juu za Maramba ni za kipindi cha miezi 10.

Bei yetu ya wastani ya mauzo kwa kilo ya chai kwa mwaka iliongezeka kidogo kuwa Kshs. 90.25 kutoka Kshs. 88.51 ya mwaka uliopita. Ongezeko hili katika bei hasa lilitokana na matokeo ya juu yaliopatikana kwa chai za Maramba. Katika Kipkebe Limited, bei ya wastani ya mauzo iliopatikana katika mwaka wa kifedha ilikuwa Kshs. 87.31, iliopungua kutoka Kshs. 87.91 ya mwaka uliopita. Ingawa juhudi kubwa zilifanywa kuhakikisha kuwa chai zetu zilikuwa za ubora thabiti, kulikuwa na nyakati ambapo hili halikuwa hivyo. Ijapokuwa bei ya wastani ya mauzo iliopungua hasa ilitokana na bei zilizopungua za soko la kimataifa za bidhaa hii ambazo zimekuwa na athari mbaya sana kwenye viwango vya faida miongoni mwa shughuli zetu za chai.

Kutokea mwishoni mwa mwaka wetu wa kifedha, viwango vya uzalishaji wa chai kote nchini vimeongezeka kwa kiasi maridhawa. Hili limekuwa na athari ya kupunguza bei za chai zinazopatikana katika minada na pia katika mauzo ya mapatano ya kibinafsi. Ongezeko lolote la maana katika bei za chai katika wakati wa karibuni litategemea upunguzi katika viwango vinavyopatikana kwa mauzo katika minada. Gharama za utenda kazi katika sekta yetu ya chai zinaendelea kuchunguzwa kwa uangalifu katika mwaka wa kifedha tulionao na juhudi zaidi kupunguza gharama inapowezekana zitapewa kipaumbele. Ijapokuwa, kurudi tena katika faida ya maana katika shughuli zetu za chai kutategemea kuongezeka kwa bei za soko kufikia viwango vya maana katika mwaka unaokuja wa kifedha.

Kwa mwaka wa tatu mtawalia, shughuli zetu za kahawa ziliendelea kuathiriwa vibaya na bei zilizopungua za soko la kimataifa. Ingawa viwango vya uzalishaji vya mwaka vinalingana na makadirio yetu, viliendelea kuteremka kupita miaka miwili ya kifedha iliotangulia. Jumla ya uzalishaji wa tani 987 za kahawa zilipatikana katika mwaka ikilinganishwa na tani 1,113 za mwaka uliotangulia na tani 1,453 za mwaka kabla ya huo. Mauzo yetu ya jumla ya mwaka ya kahawa yalikuwa tani 917 ikilinganishwa na tani 1,224 zilizouzwa mwaka uliopita na rekodi ya tani 1,392 zilizouzwa katika mwaka wa kifedha wa 2000/01. Ziada ya kahawa ya Arabica inayoendelea ya ulimwengu pamoja na viwango vya mahitaji ya kahawa ya Kenya visivyobadilika zimepunguza bei za kahawa zaidi katika mwaka wa kifedha unaoendelea. Bei ya wastani ya mauzo kwa tani iliopatikana katika 2002/03 ilipungua kwa asilimia 14.4 kuwa Kshs. 107,500 kutoka kwa tayari kiwango cha chini cha Kshs. 125,000 cha mwaka uliotangulia.

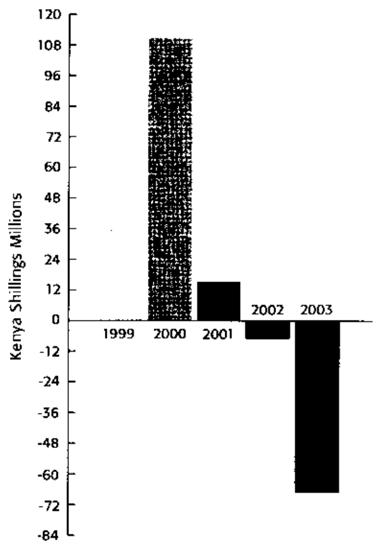
Kuendelea kupungua kwa biashara ya kahawa nchini Kenya, pamoja na kupungua kwa bei za kahawa za soko la ulimwengu kunaendelea kuwa na athari mbaya kwenye viwango vya faida katika sekta hii. Pamoja na haya, kanuni za mauzo ya kahawa za sasa nchini Kenya hazitowi nafasi yoyote kwa wazalishaji kuuza kahawa yao wenyewe kupitia mikataba ya mauzo ya kibinafsi. Hili lilielezewa wanahisa katika taarifa yangu ya mwaka jana, na ni eneo linalohitaji kushughulikiwa kwa haraka ikiwa tunataka kuhifadhi biashara ambayo wakati mmoja ilikuwa muhimu sana kwa nchi hii. Wakati gharama za bidhaa za shamba zimeongezeka katika mwaka, meneja wetu wamejaribu kuhakikisha kuwa gharama zetu nyingine zinadhibitiwa bila ya kupunguza hitaji la kuhifadhi mashamba yetu ya kahawa katika hali nzuri. Ingawa kurejea katika faida ya maana katika sekta hii kunabakia kuwa matarajio magumu bila ya ongezeko la maana katika bei za kahawa yetu katika mwaka wa kifedha unaokuja.

Wakati kampuni inabakia yenye msimamo katika sekta ya ukulima nchini, na hasa katika biashara ya kahawa, hasara inayoendelea katika shughuli zake za sasa haiwezi kuchukuliwa zaidi. Kwa hivyo, Halmashauri yenu imeamuru usimamizi kutafuta kwa bidii vibadala vya maana vya kahawa, na pia shughuli nyingine zinazoongeza thamani ambazo zinaweza kuchanganywa na shughuli zake zilizopo ili kwamba kuirejesha kampuni katika faida kwa haraka inavyowezekana. Kwa hali hii, nina imani kuwa kampuni yetu itahimili "dhoruba ya bahari" na kurejea katika viwango vya faida vitakavyotuwezesha kuwapa wanahisa wetu gawio ambalo imebidi lipunguzwe katika miaka miwili ya kifedha iliopita. Ijapokuwa, hitajio muhimu litakuwa ni bei za bidhaa za ulimwengu za zote chai na kahawa ziongezeke kwa kiasi kikubwa kutoka viwango vyake vya sasa ili kwamba kutupatia faida ya maana ya uekezaji wetu.

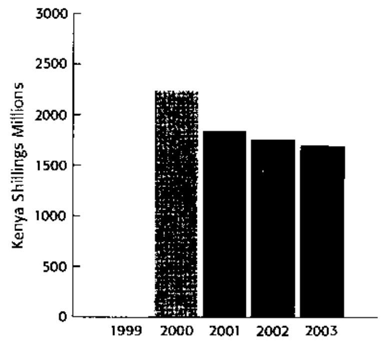
A. P. Hamilton

Graphical Highlights

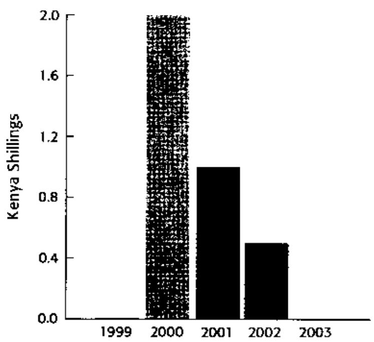
Profit attributable to the members
(K.Shs millions)



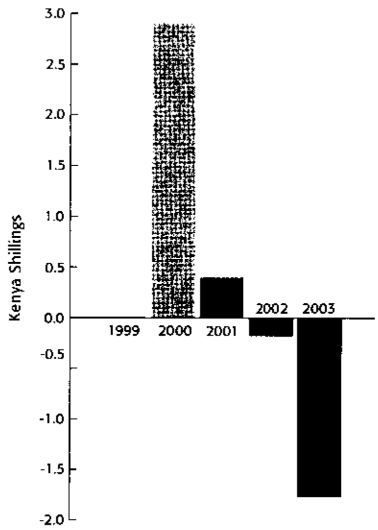
Shareholders' Funds
(K.Shs millions)



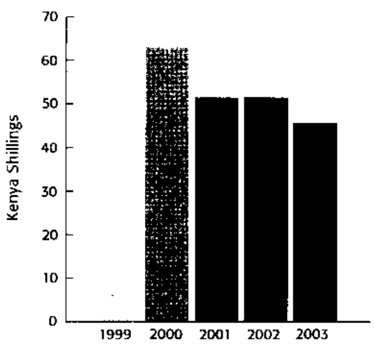
Dividend per Share
(K.Shs)



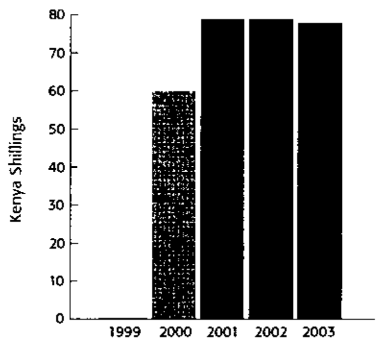
Earnings per Share
(K.Shs)



Net Assets per Share
(K.Shs)



Kenya Shilling / US Dollar Exchange Rates



Salient Features and Financial Calendar

		2003	2002
TURNOVER	K.Shs '000	858,171	848,445
Loss attributable to the members	K.Shs '000	(67,224)	(6,940)
Dividend per ordinary share	K.Shs	-	0.50
Shareholders' Funds	K.Shs '000	1,695,910	1,754,912

Annual Report and Financial Statements circulated in January 2004.

DIVIDENDS

Interim	Nil
Final proposed	Nil

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 financial years. A five year comparative statement is given on page 38.

		TEA		COFFEE	
		2003	2002	2003	2002
Area	Hectares	1,354	1,354	911	911
Production	Tonnes	8,227	7,544	987	1,113
Sales	Tonnes	8,198	7,624	917	1,224
Net sales proceeds:					
Tea	K.Shs / Kg	90.25	88.51	-	-
Coffee	K.Shs '000 / Tonne	-	-	107	125

Report of the Directors

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2003 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

			2003	2002
			K.Shs '000	K.Shs '000
Net loss attributable to the members			(67,224)	(6,940)
Interim dividend paid	Nil	(2002 : 10%)	-	(19,005)
Final dividend proposed	Nil	(2002 : Nil)	-	-
Balance transferred from reserves			(67,224)	(25,945)

SHARE CAPITAL AND RESERVES
The authorised and issued share capital of the Company at 30 September 2003 and matters relating thereto are set out in note 9 to the financial statements.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 19 and 20 of the financial statements.

PROPERTY, PLANT AND EQUIPMENT
Details of the movements in property, plant and equipment are shown in note 3 to the financial statements.

DIRECTORS
Details of the Board of Directors are set out on page 3.

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

Mr. M. H. Da Gama-Rose and Mr. A. P. Hamilton also retire by rotation and being 73 years of age and 76 years of age respectively, seek re-election under the provisions of Section 186(5) of the Companies 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 %	
	2003	**2002**
Legend Investments Limited	41.84	41.84
East Africa Batteries Limited	11.01	14.17
Yana Towers Limited	12.92	12.92

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 financial statements and internal control systems. All matters raised in this regard were appropriately addressed in conjunction with the independent auditors.

By order of the Board

I. A. Timamy
Company Secretary
Nairobi
11 December 2003

RIPOTI YA WAKURUGENZI
Wakurugenzi wanafuraha kuwakilisha taarifa yao ya mwaka na taarifa za hesabu zilizokaguliwa za mwaka ulioishia tarehe 30 Septemba 2003 zinazoonyesha hali ilivyo ya kundi na kampuni.

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 wa nyama.

MATOKEO YA KUNDI NA MGAO WA FAIDA

			2003 K.Shs '000	**2002** K.Shs '000
Hasara ya jumla kwa wanachama			(67,224)	(6,940)
Malipo ya mgao wa muda yaliyolipwa	Kapa	(2002 : 10%)	-	(19,005)
Malipo ya mgao wa mwisho yanayopendekezwa	Kapa	(2002 : Kapa)	-	-
Faida iliobakishwa na kuhamishwa kwenye akiba			(67,224)	(25,945)

RASILIMALI YA HISA NA AKIBA
Rasilimali ya hisa za kampuni zilizoidhinishwa na kutolewa kufikia tarehe 30 Septemba 2003 na mambo yanayohusiana nazo yanaonyeshwa katika tanbihi ya 9 ya taarifa za kifedha.

Maelezo kamili ya kundi na akiba ya kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 19 na 20 za hesabu.

MALI, MTAMBO NA VIFAA
Maelezo ya mienendo ya mali, mtambo na vifaa yanaonyeshwa katika tanbihi 3 ya taarifa za kifedha.

WAKURUGENZI
Maelezo ya Halmashauri ya Wakurugenzi yanaonyeshwa katika ukurasa wa 3.

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

Mabwana M. H. Da Gama-Rose na A. P. Hamilton pia wanastaafu kwa zamu na kwa kuwa wana umri wa miaka 73 na 76 mtawalia wanataka kuchaguliwa tena chini ya kipengee cha sehemu 186(5) cha Sheria za Makampuni.

UMILIKAJI WA HISA NYINGI
Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki asilimia 5 au zaidi ya rasilimali za hisa zilizotolewa za kampuni.

	Umilikaji Wa Hisa %	
	2003	**2002**
Legend Investments Limited	41.84	41.84
East Africa Batteries Limited	11.01	14.17
Yana Towers Limited	12.92	12.92

KAMATI YA UKAGUZI WA HESABU
Kamati ya ukaguzi wa hesabu za kampuni, iliochaguliwa katika mwaka 1999 kulingana na mahitaji ya Soko La Hisa la Nairobi, ilifanya mikutano yake ilioratibishwa 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 kwa ushirikiano 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.

Kwa Amri ya Halmashauri

I.A.TIMAMY
Katibu wa Kampuni
Nairobi
11 Desemba 2003.

Corporate Governance

Sasini Tea and Coffee Limited is committed to the rules and guidelines of the Capital Markets Authority on Corporate Governance. The Board of Directors is responsible for the long-term growth and profitability of the Company, whilst being accountable to the shareholders for compliance with the law and maintaining the highest standards of corporate governance and business ethics.

The Board of Directors

The Board is made up of a substantial majority of independent, non-executive directors, including the Chairman. The directors are given appropriate and timely information so that they can maintain full and effective control over all strategic, financial, operational and compliance issues.

Whilst the day to day running of the business of the Company is delegated to the Managing Director and Chief Executive Officer, the Board is responsible for establishing and maintaining the Company's system of internal controls so that its objectives for increased growth in the profitability and shareholder value are realised.

Board Meetings

The Board of Directors meets every quarter in order to monitor the Company's planned strategy and review it in conjunction with its financial performance. Specific reviews are also undertaken of management performance, operational issues and future planning.

Board Committees

There are two principal committees that meet regularly under the terms of reference set by the Board.

Audit Committee

The Board has constituted an audit committee, which meets four times a year, or as required. Its responsibilities include the review of interim and full year financial statements so as to ensure compliance with accounting standards and other disclosure requirements; the maintenance of the Company's system of accounting and internal controls; liaison with the external auditors of the Company and putting into effect their recommendations. The external auditors, internal auditors and the Company's Managing and Finance Directors attend all meetings of the committee.

Finance Committee

The finance committee of the Company meets four times a year and it is responsible for ensuring that the systems of financial control are effectively administered, and that key financial reports are properly reviewed prior to circulation to the Board. The finance committee also defines the scope and responsibilities of the Company's internal auditors.

The Board appoints other committees as and when required.

Communication with Shareholders

The Company is committed to ensuring that shareholders and the financial markets are provided with full and timely information about its performance. This is usually done through the distribution of the Company's Annual Report and the release of notices in the national press of its half-yearly and annual results.

In this regard, the Company complies with the obligations contained in the Nairobi Stock Exchange's Listing Rules and the Capital Markets Authority Act applicable in Kenya.

Directors' Emoluments and Loans

The aggregate amount of emoluments paid to Directors for services rendered during the financial year ended 2003 is disclosed in Note 24 to the financial statements.

Neither at the end of the financial year, nor at any time during the year did there exist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of the Company's shares.

There were no Directors' loans at any time during the year.

Social and Environmental Responsibility

The Company is mindful of its responsibilities with regard to the social welfare of its employees and their families. To this end, the Company provides primary education, health and other social facilities at its tea and coffee estates.

Environmental issues such as the destruction of indigenous forests and their impact on weather patterns in the country are also of concern to our company. In this regard, we maintain our own fuel wood areas through an intensive and sustained afforestation program.

The Company not only earns essential foreign exchange through the sale of its produce, but also makes a significant contribution through the payment of taxes, cess and other levies to the Government and Local Authorities.

Corporate Governance (continued)

Directors' interests in the shares of the Company as at 30th September 2003 were as follows:

Name of Director	No. of Shares
Mr. A. P. Hamilton	10,000
Mr. P. W. Muthoka	10,000
Mr. A. H. Butt	4,500
Mr. I. A. Timamy	1,950
Mr. M. N. Omar	450

Directo

Shareholding (No. of Shares)	No. of Shareholders
Less than 1,000	671
1,000 - 5,000	368
5,001 - 10,000	88
10,001 - 100,000	124
100,001 - 1,000,000	25
Above 1,000,000	4
Total	**1,280**

Distrib

The ten major shareholders of the Company as at 30th September 2003 were as follows:

No.	Name of Shareholder	No. of Shares	% Shareholding
1	Legend Investments Limited	15,902,892	41.84
2	Yana Towers Limited	4,911,774	12.92
3	East Africa Batteries Ltd.	4,188,504	11.01
4	UAP Provincial Insurance Co. Ltd.	1,205,094	3.17
5	Old Mutual Life Assurance Co. Ltd.	972,788	2.55
6	Goodwill (Nairobi) Limited. - 'M01102 A/C'	761,500	2.00
7	John Kibunga Kimani	506,147	1.33
8	Barclays (Kenya) Nominees Ltd. - '1853 A/C'	350,000	0.92
9	Barclays (Kenya) Nominees Ltd. - '1256 A/C'	300,000	0.78
10	Stanbic Nominees Kenya Ltd - A/C SCKPF	299,000	0.78

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Statement of Directors' Responsibilities

The Companies Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of 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, 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 annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of the 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 financial statements, 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.

A. P. Hamilton
A. H. Butt } **Directors**

11 December 2003

Report of the Independent Auditors

TO THE MEMBERS OF SASINI TEA AND COFFEE LIMITED AND SUBSIDIARIES

ERNST & YOUNG

Certified Public Accountants
Kenya-Re Towers
Upperhill, off Ragati Rd
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Website: www.ey.co.ke

We have audited the financial statements set out on pages 16 to 37 which have been prepared on the basis of the accounting policies set out on pages 22 to 24. 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 14, the Directors are responsible for the preparation of the financial statements 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 financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements 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 financial statements, 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 2003 and of the loss and cash flows for the year then ended and comply with International Financial Reporting Standards and the Companies Act.

Ernst & Young
Certified Public Accountants
Nairobi
11 December 2003

Consolidated Balance Sheet

30 SEPTEMBER 2003

	Note	2003	2002
ASSETS		K.Shs '000	K.Shs '000
NON-CURRENT ASSETS			
Property, plant and equipment	3(a)	1,424,105	1,707,904
Prepaid leases - leasehold land	3(d)	13,865	13,898
Capital work-in-progress	3(c)	6,577	2,268
Other investments	5	6,060	11,385
		1,450,607	1,735,455
CURRENT ASSETS			
Stocks	6	108,432	139,071
Trade and other debtors	7	111,610	154,289
Taxation recoverable	14	10,818	7,899
Cash and cash equivalents		232,200	181,611
		463,060	482,870
TOTAL ASSETS		**1,913,667**	**2,218,325**
SHAREHOLDERS' FUNDS AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	190,046	190,046
Reserves	10	1,505,864	1,564,866
		1,695,910	1,754,912
MINORITY INTERESTS		43,000	89,418
NON- CURRENT LIABILITIES			
Deferred tax	12	741	32,925
Bank loan	16	-	83,055
CURRENT LIABILITIES			
Current portion of bank loan	16	-	66,966
Creditors	13	173,499	171,143
Amounts due to related company	8	-	4,500
Bank overdraft	15	517	15,406
		174,016	258,015
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		**1,913,667**	**2,218,325**

The financial statements set out on pages 16 to 37 were approved by the Board of Directors on 11 December 2003 and signed on its behalf by:

A. P. Hamilton } **Directors**
A. H. Butt }

Company Balance Sheet

30 SEPTEMBER 2003

	Note	2003	2002
ASSETS		K.Shs '000	K.Shs '000
NON-CURRENT ASSETS			
Property, plant and equipment	3(b)	511,149	531,125
Prepaid leases - leasehold land	3(d)	707	726
Investment in subsidiary companies	4	14,797	14,797
Other investments	5	1,298	1,298
Deferred tax	12	7,389	-
		535,340	547,946
CURRENT ASSETS			
Stocks	6	26,722	25,060
Amount due from subsidiary companies	8	237	1,987
Trade and other debtors	7	23,006	27,146
Taxation recoverable		6,231	2,414
Cash and cash equivalents		88,058	104,247
		144,254	160,854
TOTAL ASSETS		**679,594**	**708,800**
SHAREHOLDERS' FUNDS AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	190,046	190,046
Reserves	10	450,031	483,365
		640,077	673,411
NON-CURRENT LIABILITIES			
Deferred tax	12	-	8,583
CURRENT LIABILITIES			
Creditors	13	29,133	26,806
Amount due to subsidiary companies	8	10,339	-
Bank overdraft		45	-
		39,517	26,806
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		**679,594**	**708,800**

The financial statements set out on pages 16 to 37 were approved by the Board of Directors on 11 December 2003 and signed on its behalf by:

A. P. Hamilton
A. H. Butt } **Directors**

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	2003	2002
		K.Shs '000	K.Shs '000
Turnover	17	858,171	848,445
Cost of sales	18	(722,434)	(665,375)
Gross profit		135,737	183,070
Other operating income	19	30,781	27,684
		166,518	210,754
Administration and establishment expenses	20	(244,771)	(241,024)
Selling and distribution expenses	21	(7,959)	(7,710)
Other charges and expenses	22	(1,127)	(9,783)
Loss from operations		(87,339)	(47,763)
Finance costs	23	(8,538)	(7,225)
Share of loss of associated company		-	(13,427)
Loss before tax, minority interests and exceptional item	24	(95,877)	(68,415)
Exceptional item	25	2,049	41,822
		(93,828)	(26,593)
Taxation	14	22,894	9,807
Loss after tax and before minority interests		(70,934)	(16,786)
Minority interests		3,710	9,846
Loss attributable to the members		**(67,224)**	**(6,940)**
		K.Shs	K.Shs
Loss per share	26	**(1.77)**	**(0.18)**
Interim dividends paid in the year	11	-	19,005
Final dividend proposed for the year	11	-	-
Total dividend for the year		**-**	**19,005**

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2003

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 2001		190,046	1,471,384	518,783	9,502	2,189,715
Prior year adjustments	27	-	(346,286)	(1,710)	-	(347,996)
As restated		**190,046**	**1,125,098**	**517,073**	**9,502**	**1,841,719**
Excess depreciation on revaluation		-	(28,768)	28,768	-	-
Loss attributable to the members		-	-	(6,940)	-	(6,940)
Adjustment on disposal of associate		-	(60,103)	-	-	(60,103)
Deferred tax	12	-	8,743	-	-	8,743
Final dividend for 2001		-	-	-	(9,502)	(9,502)
Interim dividend for 2002	11	-	-	(19,005)	-	(19,005)
At 30 September 2002		**190,046**	**1,044,970**	**519,896**	**-**	**1,754,912**
At 1 October 2002		190,046	1,044,970	519,896	-	1,754,912
Excess depreciation on revaluation		-	(30,941)	30,941	-	-
Release of depreciation on disposal		-	(96)	96	-	-
Loss attributable to the members		-	-	(67,224)	-	(67,224)
Adjustment on disposal of subsidiary		-	-	142	-	142
Deferred tax	12	-	8,080	-	-	8,080
At 30 September 2003		**190,046**	**1,022,013**	**483,851**	**-**	**1,695,910**

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2003

THE COMPANY	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 2001		190,046	492,703	24,111	9,502	716,362
Prior year adjustments	27	-	(47,954)	1,032	-	(46,922)
As restated		190,046	444,749	25,143	9,502	669,440
Excess depreciation on revaluation		-	(12,869)	12,869	-	-
Profit attributable to the members		-	-	29,234	-	29,234
Deferred tax	12	-	3,244	-	-	3,244
Final dividend for 2001		-	-	-	(9,502)	(9,502)
Interim dividend for 2002	11	-	-	(19,005)	-	(19,005)
At 30 September 2002		**190,046**	**435,124**	**48,241**	**-**	**673,411**
At 1 October 2002		190,046	435,124	48,241	-	673,411
Excess depreciation on revaluation		-	(12,821)	12,821	-	-
Loss attributable to the members		-	-	(36,563)	-	(36,563)
Deferred tax	12	-	3,230	-	-	3,230
At 30 September 2003		**190,046**	**425,533**	**24,499**	**-**	**640,078**

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	2003 K.Shs '000	2002 K.Shs '000
OPERATING ACTIVITIES			
Cash generated from operations	31	73,050	14,998
Interest paid		(7,736)	(7,225)
Income taxes paid		(8,099)	(18,835)
Net cash from / (used in) operating activities		**57,215**	**(11,062)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3(a)	(31,327)	(254,864)
Work in progress		(4,309)	2,148
Dividend received from trade investments		934	1,638
Interest received		3,180	8,615
Proceeds on sale of property, plant and equipment		970	3,940
Proceeds on sale of investment in shares		7,280	-
Proceeds from disposal of Subsidiary, net of cash disposed	33	49,927	-
Proceeds on disposal of associate company		-	53,807
Net cash from /(used in) investing activities		**26,655**	**(184,716)**
FINANCING ACTIVITIES			
Proceeds from loans		-	150,021
Loans repayment on disposal of subsidiary		(25,354)	-
Proceeds from issuance of share capital of subsidiary		-	100,000
Dividend paid on ordinary shares		-	(28,507)
Net cash (used in) / from financing activities		**(25,354)**	**221,514**
Net increase in cash and cash equivalents		**58,516**	**25,736**
Cash and cash equivalents at the beginning of the year		166,205	140,508
Effect of exchange rate changes		6,962	(39)
Cash and cash equivalents at the end of the year	28	**231,683**	**166,205**

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The Group 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 financial statements of the company and its subsidiaries made up to 30 September 2003. The results of subsidiaries disposed of during the year are included in the consolidated profit and loss account up to the effective date of disposal as appropriate.

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 results 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.

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 financial statements, 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant, equipment and depreciation
Property, plant and equipment are stated at 1995 revaluation amounts, with subsequent additions stated at cost.

Depreciation is not provided on freehold 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 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 property, plant and equipment is provided over their estimated useful lives on the straight line basis. The principal rates in use are:-

Buildings and improvements	Over the estimated useful lives
Plant, machinery and tools	12.5%
Rolling stock	25.0%
Farm implements, furniture and equipment	12.5%
Computers	33.3%

Leasehold land
Leases of leasehold land are classified as operating leases. The cost incurred to acquire the land is included in the financial statement as long term prepayments, which is amortised in the profit and loss account on a straight line basis over the lease period.

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 200 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment Information

Segment results include revenue and expenses directly attributable to a segment.

Segment assets comprise intangible assets, property, plant and equipment, inventories, accounts receivable as well as prepaid expenses and accrued income except those relating to interest and taxes.

Segment total assets exclude prepaid expenses and accrued income relating to taxes and deferred tax assets.

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

Segment total liabilities exclude prepaid income and accrued expenses relating to taxes and deferred tax liabilities.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

a) Business Segments

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

Tea	-	Growing and processing of tea
Coffee	-	Growing and processing of coffee
Other	-	Breeding of dairy cattle, renting of growing land and the leasing of plant and machinery.

Segment information is as presented below.

	Tea	Coffee	Other	Consolidated
30 September 2003	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
Revenue				
Sales to external customers	739,868	97,983	20,320	858,171
Other income	-	-	30,781	30,781
	739,868	97,983	51,101	888,952
Results				
Operating results	36,634	(113,943)	(10,030)	(87,339)
Assets and Liabilities				
Segment assets	902,732	606,468	392,900	1,902,100
Segment liabilities	122,967	28,205	22,842	174,014
Other segment information				
Capital expenditure - tangible fixed assets	21,566	5,217	85	26,868
Depreciation and amortisation of leasehold land	56,445	31,036	13,572	101,053
Average number of employees	3,603	976	64	4,643

2. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Tea	Coffee	Other	Consolidated
30 September 2002	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
Revenue				
Sales to external customers	674,842	152,912	20,691	848,445
Other Income	-	-	27,684	27,684
	674,842	152,912	48,375	876,129
Results				
Operating results	6,875	(56,306)	1,668	(47,763)
Assets and Liabilities				
Segment assets	1,205,068	677,875	327,482	2,210,425
Segment Liabilities	150,376	26,169	10,004	186,549
Other segment information				
Capital expenditure - tangible fixed assets	253,203	386	1,275	254,864
Depreciation and amortisation of leasehold land	52,495	30,570	15,147	98,212
Average number of employees	3,508	1,017	63	4,588

Geographical Segments

The Group's operations are located in the Rift Valley, Central, Coastal and Nairobi provinces of Kenya.
The Group's tea, rental and leasing operations are located in the Rift Valley and Central and Coastal provinces.
Coffee and dairy operations are located in the Central province.

As stated in note 25, the Company's shareholding in a subsidiary operating in Central province was disposed of during the year and the operating results of this subsidiary have been incorporated up to the time of disposal.

Sales revenue by geographical market

A significant proportion of the revenue from tea and coffee sales during the year arises from sales through the local auction market, and consists of exports to Europe, the Middle East, Egypt and Pakistan. It is not possible, however, to segregate these auction sales by market. The remainder of the sales revenue is attributable to direct exports and local sales.

3 (a) PROPERTY, PLANT AND EQUIPMENT

The Group	Land and development K.Shs '000	Buildings and improvements K.Shs '000	Plant 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 2002	1,093,690	583,895	471,177	143,827	54,138	2,346,727
Additions	11,944	6,656	1,090	10,165	1,472	31,327
Disposal of subsidiary	(13,001)	(117,747)	(102,023)	(2,638)	(2,879)	(238,288)
Disposals	-	-	(50)	(5,586)	(495)	(6,131)
At 30 September 2003	1,092,633	472,804	370,194	145,768	52,236	2,133,635
Comprising:						
At cost	154,547	91,871	127,596	118,631	40,101	532,746
At valuation	938,086	380,933	242,598	27,137	12,135	1,600,889
	1,092,633	472,804	370,194	145,768	52,236	2,133,635
DEPRECIATION						
At 1 October 2002	-	209,952	274,902	113,939	40,030	638,823
Charge for the year	-	27,166	52,887	15,982	4,981	101,016
Disposal of subsidiary	-	(4,686)	(18,440)	(897)	(687)	(24,710)
Disposals	-	-	(44)	(5,427)	(128)	(5,599)
At 30 September 2003	-	232,432	309,305	123,597	44,196	709,530
NET BOOK VALUE						
At 30 September 2003	1,092,633	240,372	60,889	22,171	8,040	1,424,105
At 30 September 2002	1,093,690	373,943	196,275	29,888	14,108	1,707,904

Most of the Group's property, plant and equipment 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 items of plant and equipment with a cost of K.Shs 177,565,896 (2002 - K.Shs 101,453,003) 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 35,950,831 (2002 - K.Shs 25,038,572).

3 (b) PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	Land and development K.Shs '000	Buildings and improvements K.Shs '000	Plant 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 2002	423,042	138,673	79,395	47,453	22,899	711,462
Additions	-	268	-	3,584	516	4,368
Disposals	-	-	-	-	(495)	(495)
At 30 September 2003	423,042	138,941	79,395	51,037	22,920	715,335
Comprising:						
At cost	64,415	11,787	6,253	34,615	14,707	131,777
At valuation	358,627	127,154	73,142	16,422	8,213	583,558
	423,042	138,941	79,395	51,037	22,920	715,335
DEPRECIATION						
At 1 October 2002	-	79,864	45,167	40,249	15,057	180,337
Charge for the year	-	9,871	7,030	4,679	2,397	23,977
Disposals	-	-	-	-	(128)	(128)
At 30 September 2003	-	89,735	52,197	44,928	17,326	204,186
NET BOOK VALUE						
At 30 September 2003	423,042	49,206	27,198	6,109	5,594	511,149
At 30 September 2002	423,042	58,809	34,228	7,204	7,842	531,125

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated items of property, plant and equipment with a cost of K.Shs 43,039,572 (2002 : K.Shs 38,824,137) 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 11,151,640 (2002 : K.Shs 10,019,502).

3 (c) CAPITAL WORK IN PROGRESS

The capital work in progress at 30 September 2003 relates to new accounting software and hardware, extension of the administration block , factory tank works and office furniture.

3 (d) PREPAID LEASES - LEASEHOLD LAND

	The Group		The Company	
	2003	2002	2003	2002
	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
COST				
At 30 September 2003	15,260	15,260	1,210	1,210
AMORTISATION				
Balance brought forward	(1,362)	(1,329)	(484)	(466)
Charge for the year	(33)	(33)	(19)	(18)
Balance carried forward	(1,395)	(1,362)	(503)	(484)
NET BOOK AMOUNT				
Balance carried forward	13,865	13,898	707	726

4. INVESTMENT IN SUBSIDIARY COMPANIES

	2003	2002
	K.Shs '000	K.Shs '000
Company		
Shares in subsidiary companies at cost less amounts written off	14,797	14,797

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

Name of subsidiary	% equity held	Principal activity
Kipkebe Limited	100	Growing and processing of tea.
Keritor Limited (100% held by Kipkebe Limited)	100	Renting tea growing land and development, and the leasing of plant and machinery.
Kipkebe Estates Limited (100% held by Kipkebe Limited)	100	Investment in equity, but currently not trading.
Mweiga Estate Limited	75	Growing and processing of coffee and the breeding of dairy cattle.
Wahenya Limited (100% held by Mweiga Estate Limited)	75	Growing and processing of coffee.

5. OTHER INVESTMENTS

		The Group		The Company	
		2003	2002	2003	2002
		K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
Trade investments:	Quoted	31	5,356	31	31
	Unquoted	6,029	6,029	1,267	1,267
		6,060	11,385	1,298	1,298

The Group disposed off its shares in a quoted investment during the year costing K.Shs 5,325,000.

The quoted trade investments of the Group and the Company have a market valuation of K.Shs 30,880 (2002 : K.Shs 5,355,880) and K.Shs 30,880 (2002 : K.Shs 30,880) respectively.

The unquoted trade investments of the Group and the Company are valued by the directors at KShs 42,947,000 (2002: K.Shs 56,411,963) and K.Shs 1,267,480 (2002 : K.Shs 1,267,480) respectively.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2003

6. STOCKS	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
Tea	45,433	50,632	-	-
Tea and tree nurseries	4,581	4,332	-	-
Coffee	28,838	21,985	21,627	12,601
Livestock	880	949	139	173
Estate stores	28,700	61,173	4,956	12,286
	108,432	139,071	26,722	25,060

7. DEBTORS

Trade debtors	58,776	67,356	7,933	13,098
Other debtors and prepaid expenses	52,834	86,933	15,073	14,048
	111,610	154,289	23,006	27,146

8. SUBSIDIARY COMPANY BALANCES

Due to related company	-	(4,500)	-	-
Due from subsidiaries	-	-	237	1,987
Due to subsidiary	-	-	10,339	-

9. SHARE CAPITAL

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

10. RESERVES

Capital reserves	1,022,013	1,044,970	425,533	435,124
Revenue reserves	483,851	519,896	24,499	48,241
	1,505,864	1,564,866	450,032	483,365

11. DIVIDENDS

	The Group		The Company	
	2003	2002	2003	2002
	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
First interim dividend - paid			-	19,005
Final dividend - proposed			-	-
			-	19,005
			K.Shs	K.Shs
Dividends per share			-	0.50

The dividend per share is calculated on total dividends of K.Shs Nil (2002 : K.Shs 19,004,625) and on the number of ordinary shares in issue at the respective balance sheet dates.

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.

12. DEFERRED TAX

	The Group		The Company	
	2003	2002	2003	2002
	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
The provision for deferred tax comprises:				
Excess of tax allowances over depreciation	59,191	131,598	7,771	14,507
Tax losses	(30,666)	(75,402)	(11,835)	(2,925)
Other temporary differences	(27,784)	(23,271)	(3,325)	(2,999)
	741	32,925	(7,389)	8,583
Deferred tax movement:				
Balance brought forward	32,925	65,591	8,583	16,295
Adjustment on disposal of subsidiary	3,888	-	-	-
Balance carried forward	741	32,925	(7,389)	8,583
Movement during year	(28,296)	(32,666)	(15,972)	(7,712)
Analysis of movement during the year:				
Capital reserves credit	(8,080)	(8,743)	(3,230)	(3,244)
Adjustment on disposal of Subsidiary	7,777	-	-	-
Minority interest share	(614)	(701)	-	-
Revenue reserves credit (note 14)	(27,379)	(23,222)	(12,742)	(4,468)
	(28,296)	(32,666)	(15,972)	(7,712)

13. CREDITORS

Trade creditors	14,524	33,075	7,641	6,278
Other creditors	50,703	47,086	16,844	4,705
Accrued expenses	108,272	90,982	4,648	15,823
	173,499	171,143	29,133	26,806

14. TAXATION

	The Group	
	2003	**2002**
	K.Shs '000	K.Shs '000
Balance Sheet		
Balance brought forward	(7,899)	(6,677)
Adjustment on disposal of subsidiary	689	-
Charge for the year	4,485	17,613
Paid during the year	(8,093)	(18,835)
Balance carried forward	(10,818)	(7,899)
Profit and Loss Account		
Tax on taxable profit for the year at 30%	4,485	16,739
Adjustment in respect of prior years	-	874
Charge for the year (above)	4,485	17,613
Deferred tax write back (note 12)	(27,379)	(23,222)
Attributable taxation of associated company	-	(4,198)
Charge for the year after deferred tax	(22,894)	(9,807)

Dividend tax account

The Group and the Company have a credit balance on the dividend tax account of K.Shs 313,415,474 and K.Shs 89,955,785 respectively, which includes tax payments to September, 2003. There is therefore no compensating tax payable for the year.

	The Group	
	2003	**2002**
	K.Shs '000	K.Shs '000
Reconciliation of tax charge		
Accounting loss before taxation	(95,877)	(68,415)
Tax applicable rate of 30%	(28,763)	(20,525)
Tax effects of items not deducted for tax	877	1,033
Originating and reversing temporary differences	4,992	13,009
Adjustment in respect of prior years	-	874
Taxation attributable to associated company	-	(4,198)
	(22,894)	(9,807)

15. BANK OVERDRAFT

The bank overdraft facilities with Barclays Bank of Kenya Limited are secured to the extent of K.Shs 5,500,000 by way of a cash deposit guarantee from First American Bank of Kenya Limited.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2003

16. LOANS

	The Group	
	2003	**2002**
	K.Shs '000	K.Shs '000
Bank loans		
Secured, repayable by November 2003	-	47,388
Secured, repayable by November 2004	-	102,633
	-	150,021
Less: amount falling due within 1 year	-	(66,966)
Amount falling due after 1 year	-	83,055

The bank loans are denominated in US dollars. The bank borrowings are secured by a debenture over all assets and collateral legal charge over freehold land, and interest is charged at 1 month LIBOR + 3% per annum payable monthly in arrears.

17. TURNOVER

	The Group	
	2003	**2002**
	K.Shs '000	K.Shs '000
Tea	739,868	674,842
Coffee	97,983	152,912
Livestock	3,997	4,103
Dairy produce	16,323	16,588
	858,171	848,445

18. COST OF SALES

Stock movements	(10,579)	23,077
General charges	108,626	94,681
Plantation maintenance costs	210,616	214,473
Production expenses	182,203	180,668
Green leaf purchases	215,636	136,321
Livestock expenses	15,932	16,155
	722,434	665,375

19. OTHER OPERATING INCOME

Interest income	3,180	8,615
Dividend income	934	1,638
Net gain/(loss) on exchange	6,962	(39)
Profit on disposal of property, plant and equipment	459	1,848
Profit on disposal of shares	1,955	-
Rent received	6,850	6,629
Sundry income	10,441	8,993
	30,781	27,684

20. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	The Group 2003 K.Shs '000	2002 K.Shs '000
Staff costs	64,555	62,283
Insurance and medical costs	20,724	16,451
Administration costs	39,048	33,089
Auditors' remuneration	1,894	1,827
Legal and professional charges	934	1,797
Secretarial costs	3,000	3,000
Travelling and accommodation costs	375	359
Office expenses	5,018	8,385
Directors' emuloments	1,398	8,376
Sundry expenses	6,775	7,245
Amortisation of leasehold land	33	33
Depreciation	101,017	98,179
	244,771	241,024

21. SELLING AND DISTRIBUTION EXPENSES

	2003	2002
Warehousing and storage charges	7,959	7,710

22. OTHER CHARGES AND EXPENSES

	2003	2002
Livestock expenditures	1,106	2,464
Preoperation expenses	-	7,319
Loss on disposal of property, plant and equipment	21	-
	1,127	9,783

23. FINANCE COSTS

	2003	2002
Bank charges and interest	8,538	7,225

24. LOSS BEFORE TAXATION AND EXCEPTIONAL ITEM

	2003	2002
The loss before taxation and exceptional item is arrived at after charging:		
Depreciation	101,017	98,179
Amortisation of leasehold land	33	33
Pension scheme contributions	6,763	6,859
Directors' emoluments: - fees	1,398	1,296
- other	-	7,080
Auditors' remuneration	1,894	1,827
Company : K.Shs 600,000 (2002 : K.Shs 550,000)		
Bank charges and interest	8,538	7,225
Loss on disposal of property, plant and equipment	21	-
And after crediting:		
Income from trade investments	934	1,638
Interest income	3,180	8,615
Foreign exchange loss	6,962	(39)
Profit on disposal of shares	1,955	-
Profit on disposal of property, plant and equipment	459	1,848

25. EXCEPTIONAL ITEM

	The Group	
	2003	**2002**
	K.Shs '000	K.Shs '000
During the year, the Group disposed of its entire shareholding in Maramba Tea Factory Limited.		
Proceeds on disposal of subsidiary	55,000	-
Carrying value of the shares	52,951	-
Profit on disposal of shares in associated company (Garton Limited)	-	41,822
Profit on disposal	2,049	41,822

26. LOSS PER SHARE

The calculation of loss per share is based on the loss after taxation and minority interests of K.Shs 67,224,000 (2002 : K.Shs 6,940,122) and on 38,009,250 ordinary shares.

27. PRIOR YEAR ADJUSTMENTS

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
Revaluation surplus on leasehold land - capital	-	(346,286)	-	(47,954)
Revaluation surplus on leasehold land - revenue	-	(5,836)	-	(5,836)
Amortisation of leasehold land	-	6,406	-	6,868
Withholding Tax on imported services - Kipkebe Limited	-	(2,280)	-	-
	-	(347,996)	-	(46,922)

The prior year adjustments relating to leasehold land represent the effect of full adoption of IAS 17, on leases.

28. CASH AND CASH EQUIVALENTS

	The Group	
	2003	**2002**
	K.Shs '000	K.Shs '000
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:		
Bank balances, cash and short-term deposits	232,200	181,611
Bank overdraft	(517)	(15,406)
	231,683	166,205

29. LOSS ATTRIBUTABLE TO THE MEMBERS

The (loss)/profit dealt with in the financial statements of the parent company is K.Shs (36,563,210) (2002 : K.Shs 29,233,790), after recognising dividend income from subsidiary companies in the year to which it relates.

30. CAPITAL COMMITMENTS

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	KShs '000	KShs '000	KShs '000	KShs '000
Authorised and contracted for	-	11,016	-	-

31. CASH GENERATED FROM OPERATIONS

	The Group 2003 K.Shs '000	The Group 2002 K.Shs '000
Reconciliation of loss before tax to cash generated from operations		
Loss before tax, minority interests and exceptional item	(95,877)	(68,415)
Adjustments for:		
Depreciation and amortisation	101,050	98,212
Foreign exchange loss	(6,962)	39
Share of loss of associated company	-	13,427
Increase in value of quoted investment	-	(525)
Interest received	(3,180)	(8,615)
Dividend received from trade investments	(934)	(1,638)
Interest expense	8,538	7,225
Profit on disposal of property, plant and equipment	(459)	(1,848)
Profit on disposal of shares	(1,955)	-
Loss on disposal of property, plant and equipment	21	-
Operating profit before working capital changes	242	37,862
Decrease in stocks	18,073	19,140
Decrease/(increase) in debtors	17,587	(69,832)
Increase in amounts due to related company	6,250	4,500
Increase in creditors	30,898	23,328
Cash generated from operations	**73,050**	**14,998**

32. 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:

Purchase of goods and services	**2003** K.Shs '000	**2002** K.Shs '000
Ryce Motors Limited	184	541
Ryce Engineering Limited	286	141
OEL Sysnet Limited	1,714	147
Tyre Centre Limited	191	498
Sameer Investments Limited	524	-
Sameer Management Limited	26	3,000
East African Cables Limited	62	-
Kencell Communications Limited	728	-
Yansam Motors Limited	3,446	-
	7,161	4,327

The company also shares common directors with two of its bankers, who supplied a range of banking services to the company 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.

33. DISPOSAL OF SUBSIDIARY

As referred to in note 25, the Group disposed of its shareholding in Maràmba Tea Factory Ltd on 31 July 2003. The Group's current year's, loss incorporates the share of the operating result of the subsidiary company up to 31 July, 2003. The net assets of Maramba Tea Factory Limited at the date of disposal and at 30 September 2002 were as follows:

	Period Ended 31.07.03 K.Shs '000	Year Ended 30.09.02 K.Shs '000
Property, plant and equipment	213,719	223,307
Deferred tax asset	3,888	3,888
Stocks	12,566	14,118
Debtors	25,092	43,926
Income tax asset	696	689
Cash and cash equivalents	7,486	4,658
Creditors	(29,343)	(15,242)
Bank loans	(124,667)	(83,056)
Current portion of bank loans	-	(66,966)
Shareholders' loans	(10,620)	(15,841)
Amount due to parent company	(130)	(3,289)
Bank ovedraft	(2,413)	(15,266)
Net Assets	**96,274**	**90,926**
Share of net assets - 55%	52,951	50,009
Profit on disposal	2,049	
Total consideration - cash	**55,000**	
Net cash inflow arising on disposal:		
Cash consideration	55,000	
Bank balances and cash disposed of	(5,073)	
	49,927	

The results of Maramba Tea Factory Ltd operations for the period from 1 October 2002 to 31st July 2003, which have been included in the consolidated financial statements, were as follows:

	Period Ended 31.07.03 K.Shs '000	Year Ended 30.09.02 K.Shs '000
Sales	164,628	38,042
Cost of sales	(132,985)	(24,246)
Gross profit	31,643	13,796
Other income	7,233	4,179
	38,876	17,975
Administration and establishment expenses	(25,301)	(17,812)
Other charges and expenses	-	(7,319)
Finance costs	(8,228)	(5,805)
Profit/(loss) before tax	5,347	(12,961)
Income tax expense	-	3,888
Profit/(loss) from ordinary activities after tax	5,347	(9,073)
Share of profit/(loss) after tax	2,941	(4,990)

33. DISPOSAL OF SUBSIDIARY (continued)

The cashflows incurred by Maramba Tea Factory Limited for the period to the date of disposal and for the year ended 30 September 2002 are as follows:

	Period Ended 31.07.03 K.Shs '000	Year Ended 30.09.02 K.Shs '000
Operating	44,105	(47,198)
Investing	(4,643)	(228,854)
Financing	(30,575)	265,862
Net cash inflow/(outflow)	**8,887**	**(10,190)**

34. CONTINGENT LIABILITIES

	The Group		The Company	
	2003	2002	2003	2002
	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
Liabilities under guarantee	15,564	10,250	4,314	500

35. FINANCIAL AND BUSINESS RISK MANAGEMENT

a) Interest rate risk:
The Group's policy is to manage its interest costs by relying primarily on overdraft facilities with its bankers. Any borrowings for specific projects or investments are negotiated on the basis of a fixed rate of interest.

b) Foreign currency risk:
The Group operates wholly within Kenya and its assets and liabilities are reported in local currency. Borrowings by the Group in foreign currency are repayable in foreign currency. Whilst some transactions and bank balances are in foreign currency, the Group had no significant foreign currency exposure as at 30th September 2003.

c) Credit risk:
A significant proportion of the Group's trading is through established auctions for both tea and coffee, and a small proportion via direct export contracts with known parties. The Group's exposure to credit risk is, therefore, minimal.

36. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted to take into account the effect of the prior year adjustments.

37. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

38. CURRENCY

These financial statements are presented in Kenya Shillings thousand (K.Shs '000').

Five Year Comparative Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2003

ES STATISTICS		2003	2002	2001	2000	1999
TEA						
Area	- Hectares	1,354	1,354	1,301	1,243	1,220
Production	- Kilograms	8,227,000	7,544,289	7,240,302	7,067,005	6,888,213
Sales	- Kilograms	8,198,000	7,624,383	7,148,858	7,129,186	6,695,212
Net sales proceeds	- K.Shs/Kg	90.25	88.51	95.43	114.47	93.76
COFFEE						
Area	- Hectares	911	911	906	906	907
Production	- Tonnes	987	1,113	1,453	1,493	797
Sales	- Tonnes	917	1,224	1,392	1,380	700
Net sales proceeds	- K.Shs '000/tonne	107	125	124	140	192

SULTS	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000	K.Shs '000
TURNOVER	858,171	848,445	874,602	1,017,484	766,361
(Loss)/profit before taxation and minority interests	(95,877)	(68,415)	36,436	161,594	49,981
Taxation	22,894	9,807	(24,114)	(52,954)	(28,597)
(Loss)/profit after taxation before minority interests	(72,983)	(58,608)	12,322	108,640	21,384
Minority interests	3,710	9,846	3,068	4,507	4,668
Exceptional item	2,049	41,822	-	(2,375)	-
(Loss)/profit attributable to members	(67,224)	(6,940)	15,390	110,772	26,052
Dividend	-	(19,005)	(38,009)	(76,019)	(19,005)
(Loss)/profit for the year transferred to reserves	(67,224)	(25,945)	(22,619)	34,753	7,047
MPLOYED					
Property, plant and equipment	1,424,105	1,707,904	1,553,311	1,969,064	1,995,212
Prepaid leases- Leasehold land	13,865	13,898	13,931	-	-
Capital work in progress	6,577	2,268	4,416	1,157	1,334
Investments	6,060	11,385	147,178	114,061	112,874
Net current assets	289,044	224,855	242,038	313,695	243,651
	1,739,651	**1,960,310**	**1,960,874**	**2,397,977**	**2,353,071**
CED BY					
Share capital	190,046	190,046	190,046	190,046	190,046
Reserves	1,505,864	1,564,866	1,642,171	2,008,832	1,955,355
Proposed dividends	-	-	9,502	47,512	19,005
Shareholders' funds	1,695,910	1,754,912	1,841,720	2,246,390	2,164,406
Minority interests	43,000	89,418	53,564	67,652	72,990
Deferred Tax	741	32,925	65,591	83,935	115,675
Loans	-	83,055	-	-	-
Funds Employed	**1,739,651**	**1,960,310**	**1,960,874**	**2,397,977**	**2,353,071**
IOS					
Loss/Earnings per share	(1.77)	(0.18)	0.40	2.91	0.69
Dividend per share	-	0.50	1.00	2.00	0.50
Dividend cover (times covered)	-	(0.37)	0.40	1.46	1.37
Funds employed per share	45.77	51.57	51.59	63.09	61.91

** The earnings and funds employed 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.*

Form of Proxy

I/We ____
Mimi/Sisi

____

of
wa ____

being a member/members of Sasini Tea and Coffee Limited, do hereby appoint ____________________
nikiwa/tukiwa mwanachama/wanachama wa Sasini Tea and Coffee Limited, namchagua/twamchagua

or failing him/her ____
au akikosa yeye

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 the Hotel Inter-Continental Nairobi, Kenya on Thursday, 26th February 2004 and at any adjournment thereof.

mwenyekiti aliyechaguliwa wa mkutano kuwa kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye mkutano mkuu wa mwaka wa kampuni utakaofanyika katika Hotel Inter-Continental, Nairobi, Kenya, siku ya Alhamisi, 26 Februari 2004 na kwenye uahirishwaji wake wowote.

As witness my/our hand(s) this ____________ ________ day of ____________ 2004
Kama ushahidi wangu/wetu hii siku ya *mwezi wa*

Signature ________________________
Sahihi

Unless otherwise instructed, the proxy will vote at his/her discretion.
Isipokuwa ikishauriwa vingine, mwakilishi atapiga kura anavyoonelea mwenyewe.

Notes:
Maelezo:

- 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.

  Ili kuwa halali, fomu hii ya uakilishi lazima ifikishwe kwenya afisi iliyoandikishwa ya kampuni kwa muda usiopungua masaa arobaini na nane kabla ya wakati uliochaguliwa wa kufanya mkutano.

- 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.

  Ikiwa mwanachama ni shirika, uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisaa au mwanasheria alioidhinishwa kwa maandishi.

FOLD 2

AFFIX
STAMP
HERE

FOLD 1

THE COMPANY SECRETARY
SASINI TEA AND COFFEE LIMITED
PO BOX 30151
00100 GPO
NAIROBI
KENYA

Sasini

FOLD 3

INSERT FLAP INSIDE

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