Sasini

A MEMBER OF THE SAMEER GROUP

SASINI LIMITED AND SUBSIDIARIES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER **2015**

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Financial Statements

DIRECTORS AND STATUTORY INFORMATION

DIRECTORS

Dr. J.B. McFie, PhD, MBS - Chairman
Dr. N. N. Merali, PhD, CBS
A.H. Butt, CPA (Kenya), FCCA
S.N. Merali, MSc
Mrs. L.W. Waithaka, MSc
Dr. S.O. Mainda, PhD, MA, ACII, EBS
A.R. Kassam
M.K. Changwony, BA (Hons), MBS

SECRETARY

Mary Rebecca Ekaya, CPS (Kenya), LLB
PO Box 30151 – 00100
NAIROBI

ADVOCATES

Shapley Barret & Company
PO Box 40286 - 00100
NAIROBI

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PO Box 30333 - 00100
NAIROBI

Timamy and Company Advocates
PO Box 87288 - 80100
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NAIROBI

BANKERS

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PO Box 46661 - 00100
NAIROBI

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Mara & Ragati Roads, Upper Hill
PO Box 30437 - 00100
NAIROBI

Equatorial Commercial Bank Limited
Equatorial Fidelity Centre
Waiyaki Way
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NAIROBI

Kenya Commercial Bank Limited
Kiambu Branch
PO Box 81 - 00900
KIAMBU

Standard Chartered Bank Kenya Limited
Kiambu Branch
PO Box 117 - 00900
KIAMBU

UBA Kenya Bank Limited
Ring Road, Vale Close Westlands
PO Box 34154 -00100
NAIROBI

VISION

" To be the leading agribusiness in Africa."

MISSION

" To focus on innovative and efficient business practices, quality products and commitment to all our stake holders."

OUR CORE VALUES

- Integrity
- Efficiency
- Positive Attitude
- Respect
- Teamwork

CERTIFICATIONS

- Utz certification for coffee operations;
- Rain Forest Alliance certification for Tea and Coffee operations
- Kenya Bureau of Standards Diamond mark of quality for branded Tea's
- ISO 22000:2005 certification
- Fair Trade Flo Certification
- C.A.F.E. Practices (Starbucks Coffee)

ISO 22000:2005 certified

Mark of Origin Coffee Kenya

Rainforest Alliance Certification

FLO CERT Certification

C.A.F.E. Practices

Dr. James Boyd McFie, Phd - Chairman - *Independent Non Executive*

Dr. McFie is the Chairman of the Board of Directors. He holds a PhD in Accounting from the University of Strathclyde and Masters of Mathematics from Oxford University. He is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). Dr. McFie is a lecturer in Financial Reporting and Forensic Accounting at Strathmore University. Between 1993 and 2002 he was Director of the Kenya Capital Markets Authority, a member of the Kenya Added Tax Tribunal and a Trustee of the Kenya Corporate Governance Trust and of Jitegemee Trust. He is also a director of The Standard Group Limited. He also serves as the Honorary Treasurer on the Board of Directors of AfriAfya, the African Network for Health Knowledge Management and Communication. He was the Training Manager in Ernst and Young and a member of Education and Training Committee of ICPAK. Dr. McFie joined the Board on 30th August 2007.

Dr. Naushad Noorali Merali - *Non Executive*

Dr. Naushad N. Merali was awarded a doctorate degree (Honoris Causa) in Business Leadership by Kabarak University on 18th December 2015. He is a businessman and the Chairman of the Sameer Group of Companies. Sameer Group of Companies, is a leading conglomerate in Kenya (and a regional presence in East Africa) with interests in Agriculture and Agribusiness (Sasini Ltd and Sameer Agriculture & Livestock Ltd), Manufacturing (Sameer Africa Ltd and Eveready East Africa Ltd), Construction and Engineering (Warren Enterprises Limited), Financial Services (Equatorial Commercial Bank Ltd), Commercial (Ryce East Africa Ltd, Sasini Coffee House Ltd, Sameer EPZ Ltd, Sameer Industrial Park Ltd) and Real Estate - Sameer Business Park is an ultra modern building comprising five units totaling more than 500,000sq ft of built up area in show rooms and offices.

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

Mr. Akif Hamid Butt - *Non Executive*

Mr. A H Butt is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Public Accountant of Kenya (CPA) and has a wealth of experience in financial management, corporate planning and strategic management acquired over time. He previously worked with PriceWaterhouse Coopers in Kenya and the East Africa Region, Liberia and England. He joined the Sameer Group in 1989 and is currently the Group's Finance Director. He represents the interest of the Sameer Group on the boards of various companies. He was appointed to the Board of Sasini Limited on 1st May 1990. Mr. Butt is also a Director of Sameer Africa Ltd and Eveready East Africa Limited, which are quoted on the Nairobi Securities Exchange.

Mr. Sameer Naushad Merali - *Non Executive*

Mr. S. N. Merali holds a Masters of Science degree in Banking and International Finance. Mr. Merali initially worked with Merrill Lynch International Bank Limited in the United Kingdom as Investment Analyst between October 2000 and February 2003. He joined Sameer Investments Limited in March 2003 and now serves as the Chief Executive Officer of Sameer Investments Limited. He is the Chairman of Ryce East Africa Limited, Nandi Tea Estates Ltd and Warren Enterprises Ltd. He is a Director of Sameer Africa Limited, a company listed on the Nairobi Securities Exchange Ltd. He is also a Director of Sameer ICT Ltd, Sameer Telkom Ltd and Fidelity Shield Insurance Company Ltd. He joined the Board of Sasini Ltd on 26th May 2006.

BOARD OF DIRECTORS

Mrs. Lucy Waguthi Waithaka - *Non Executive*

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

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

Mr. A. R. Kassam - *Non Executive*

Mr. A. R. Kassam has a wealth of experience in FMCG operations having worked for Multi internationals for more than 33 years with strong financial, corporate, strategic management knowledge and experience. He has in-depth knowledge in sales and distribution in the local and export markets.

He previously worked with Sara Lee/S C Johnson Kenya and the East Africa Region, holding the Position of Finance/Acting Managing Director.

He was appointed to the Board of Sasini Limited on 30th September, 2014.

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

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

Mr. Moses K. Changwony - Group Managing Director - *Executive*

Mr. Moses K. Changwony has over 25 years experience in managerial capacity. He holds a Bachelor of Arts Degree from the University of Nairobi. He studied Government and graduated summa cum laude.

Prior to joining Sasini Limited, he served as Project Director of Mat International Sugar Limited and as Managing Director of Riverine Invests Limited, Tana and Athi Rivers Development Authority, and DL Group. He has consulted for various local and international enterprises in the areas of sugar and livestock farming, fish farming and green house project for tomato farming.

Mr. Moses K. Changwony
Group Managing Director

Mr. Moses K. Changwony has over 26 years experience in managerial capacity. He holds a Bachelor of Arts Degree from the University of Nairobi. He studied Government and graduated summa cum laude.

Prior to joining Sasini Limited, he served as Project Director of Mat International Sugar Limited and as Managing Director of Riverine Invests Limited, Tana and Athi Rivers Development Authority, and DL Group. He has consulted for various local and international enterprises in the areas of sugar and livestock farming, fish farming and green house project for tomato farming.

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

Vast experience of over 35 years in managing tea estates & factories in India and Kenya.

Prior to joining Sasini Ltd, he held senior positions with Goodricke Group Ltd, India (a member of Camellia plc, UK) on their tea plantations, where he worked for 18 years.

Holds a Bachelor of Arts degree from the Madras Christian College, India.

Appointed Managing Director, Kipkebe Ltd (a wholly owned subsidiary of Sasini Ltd) in December 2014.

Prior to this, he was the General Manager, Kipkebe Ltd from January 2000 and Deputy General Manager for 1 year.

Mr. James Muriithi Kieu
General Manager, Coffee Operations

Vast experience of over 23 years in Managing Coffee and Tea Estates & Factories.

Prior to joining Sasini Ltd, he held senior positions within the Neumann Kaffee Gruppe managing Coffee and tea estates & factories both at local and International levels.

Holds a Diploma in Agricultural Engineering from Jomo Kenyatta University of Agriculture and Technology among other management and leadership courses.

Appointed General Manager, Coffee Operations in February 2004.

Mr. Samuel Kanga Odalo
Group Financial Controller

Over 28 years experience in Finance, Accounting and Audit.

Prior to joining Sasini Ltd, he held various senior Finance and Accounting positions in Agribusiness Industry.

Holds a Global Executive Masters of Business Administration (MBA) from United states International University (USIU) in partnership with Columbia Business School in New York, Bachelor of Science in Business Administration (Accounting) (Hons) from USIU, Certified Public Accountant (CPA K), Member of Institute of Certified Public Accountants of Kenya (ICPAK). Joined the group in 1998 and appointed to the position in July 2009.

Mrs. Mary Rebecca Ekaya
Company Secretary / Group Legal Officer

Over 13 years experience in Legal practice.

Prior to joining Sasini Ltd, she practiced Law as well as held senior position in the Insurance Industry.

Holds Bachelor of Arts (BA) (Economics Major) (Hons), LLB Degree (Hons), Post Graduate Diploma in Legal Practice (Kenya School of Law), is an advocate of the High Court of Kenya, Commissioner for Oaths as well as a Notary Public. Member of Institute of Certified Public Secretaries of Kenya (ICPS K).

Appointed Group Legal Officer in October 2007 and Company Secretary in 2008.

Ms. Priscah Muthoni Keah
Head Of Human Resources

Over 13 years experience in Human Resource Management.

Prior to joining Sasini Ltd, she held various Senior Human Resources Management positions in Agribusiness and Manufacturing Industries.

Holds Masters of Business Administration (MBA) in Human Resources Management, Bachelor of Science (BSc.) (Mathematics) (Hons), Post Graduate Diploma in Human Resources Management and is a Member of the Institute of Human Resources Management (IHRM).

Appointed Head of Human Resources in July 2010.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-fourth (64th) ANNUAL GENERAL MEETING of the members will be held at Kamundu Estate, Kiambu, on Friday 4th March 2016, at 11.30 a.m., for the following purposes:

1. To confirm the minutes of the Sixty-third (63rd) Annual General Meeting held on 27th February 2015.

2. To receive, consider and if deemed fit, adopt the Annual Report and Financial Statements for the year ended 30th September 2015 together with the reports thereon of the Directors and of the Auditors.

3. To confirm the interim dividend of 100% paid on 15th September 2015 and to declare the payment of a final dividend of 25%.

4. To elect the following Directors:

I. Dr. J. B. McFie, a Director retiring by rotation, who being eligible, offers himself for re-election.

II. Mrs. L.W. Waithaka, a Director retiring by rotation, who being eligible, offers herself for re-election.

5. To confirm the Directors' emoluments.

6. To appoint KPMG Kenya as auditors for the ensuing year and authorize 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

Mrs. M. R. Ekaya
Company Secretary
Nairobi
16th December 2015

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 form of proxy can also be downloaded from the company website: www.sasini.co.ke.

ILANI YA MKUTANO MKUU WA KILA MWAKA

Ilani inatolewa hapa kuwa MKUTANO MKUU WA KILA MWAKA wa sitini na nne (64) wa wanachama utafanyika katika shamba la Kamundu, Kiambu, Ijumaa, tarehe 4 Machi 2016, saa tano na nusu asubuhi, kwa madhumuni yafuatayo:

1. Kuthibitisha kumbukumbu za Mkutano Mkuu wa Kila Mwaka wa Sitini na tatu (63) uliofanyika tarehe 27 Februari 2015.

2. Kupokea, kuchunguza na ikionekana sawa kuidhinisha Ripoti ya Mwaka na Taarifa za Kifedha za mwaka uliomalizikia tarehe 30 Septemba 2015, pamoja na taarifa za Wakurugenzi na Wakaguzi wa hesabu.

3. Kuthibitisha mgao wa muda wa faida wa asilimia 100 uliolipwa tarehe 15 Septemba 2015 na kutangaza malipo ya mgao wa mwisho wa faida wa asilimia 25.

4. Kuwachagua Wakurugenzi wafuatao:
   (i) Dkt. J. B. McFie, Mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.
   (ii) Bi. L. W. Waithaka, Mkurugenzi anayestaafu kwa zamu, ambaye kwa kuwa ana haki ya kuchaguliwa, anajitolea kuchaguliwa tena.

5. Kutangaza malipo ya Wakurugenzi.

6. Kuwachagua KPMG Kenya kama wakaguzi wa hesabu wa mwaka unaofuata na kuwaidhinisha wakurugenzi kuamua ujira wao.

7. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika Mkutano Mkuu wa Kila Mwaka.

Kwa Amri ya Halmashauri

Bi. M. R. Ekaya
Katibu wa Kampuni
Nairobi
Tarehe 16 Desemba mwaka 2015

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 uwakilishi imeshikanishwa.Fomu ya uwakilishi yaweza pia kupatikana kutoka kwa tovuti ya kampuni: www.sasini.co.ke

ECONOMY AND BUSINESS ENVIRONMENT

Global and African Economies

The year 2014-2015 marked a consecutive five year decline in overall World Economic Growth. This decline in growth has happened albeit recorded recovery in the advanced economies from past financial crisis. The revised forecasts in this latest World Economic Outlook report underscores the challenges all countries face. Despite considerable differences in country-specific outlooks, the new forecasts mark down expected near-term growth rates marginally, but nearly across the board. Moreover, downside risks to the world economy appear more pronounced following slow growth in emerging economies and continued strengthening of the USD against major international currencies. [1]

Crude Oil prices remain depressed as world stocks continue increasing against weak demand. Oil prices have tumbled since June last year due to supply and demand imbalances. U.S. shale gas production has risen and OPEC has maintained output, while demand from China, a massive consumer of commodities, has waned. Easing of sanctions against Iran, may bring in more supply complicating further the possibility of recovery of prices.

African Economy

Africa's resilience to global and regional headwinds was disturbed during this period by conflicts, insecurity, the outbreak of Ebola and falling commodity prices especially crude oil. These challenges slowed down growth in some African Economies. The Ebola virus particularly hit Guinea, Liberia and Sierra Leone, causing tremendous human hardship and high economic costs. The epidemic curtailed the immense strides those countries had made in macro and fiscal stability in recent years. Only a gradual recovery is expected in the near term. [2] Growth in Africa although slower over this period than it was last year remained close to projected performance, having been supported by favourable international oil prices, favourable investments climate, growing Foreign Direct Investments following emphasis by governments on policies that make businesses much easier to establish.

Sub Saharan Africa

Like is the case in the rest of Africa, Sub Sahara Africa remains resilient with most economies growing above 4% which although lower than previous years remains significant considering the performance of the rest of the world. Oil exporting countries have faced setbacks in their respective growths precipitated by continued decline in crude oil prices. On the other hand strengthening US Dollar against major currencies has supported commodity exporting countries from the effects of low commodity prices witnessed during the period to create a balance on growth in these regions which over the period remains the highest in the world. South Africa's Economy is one of those that suffered decline following industrial strikes, and challenges in electricity supply, Countries around the epicentre of the Ebola outbreak together with oil exporting countries were also negatively affected.

This seemingly positive growth in Sub Saharan Africa is however faced with the challenges of strengthening dollar and declining financing. Global financial conditions are likely to tighten in the short term over this financial year a phenomenon that will complicate growth in in this region where most countries are facing budget deficits. Given this likelihood, financing may suddenly become unavailable or when available, costs may rise steeply. Countries may then have to undertake a deeper than-planned adjustment with cuts to capital spending likely to bear the brunt. In that context, there would be a negative impact on growth in both the near and the medium term. World Bank review of this region's growth reports Sub Saharan Growth in 2015 to slow to 4.2 percent on average from 4.6 percent in 2014, a downward revision of 0.4 percentage points relative to the January 2015 GEP. The revisions reflect the reassessment of prospects in Angola, Nigeria, and South Africa. Growth in the region is expected to pick up in 2016 to at an Average of 4.6 percent and to accelerate to 5.0 percent in 2017. [3]

[1] IMF World Economic Outlook October 2015

[2] UNDP Report on Economic Impact of Ebola 2014

[3] World Bank Global Economic Prospects June 2015

National Economy

Security risks associated with terrorism—and compounded by negative political competition, corruption and low commodity prices persisted over the year 2015. Despite these effects, economy grew by 5.4% during the period, largely supported by infrastructure spending and household consumption. The rate of inflation remained relatively stable during this period and although inflation grew marginally during this period it remained within projection. Robust performance in sectors such as construction, agriculture and financial services supported the poor performance registered in tourism, and stock markets to keep economic growth on course. In the second half of this financial year, the banking sector suffered setbacks following placement of Dubai Bank and Imperial Bank under Central Bank supervision. Although this move may have been seen to have combined with depreciation of the Kenya Shilling against major currencies to undermine growth, Central Bank's efforts to defend the currency caused the shilling to stabilize in October.

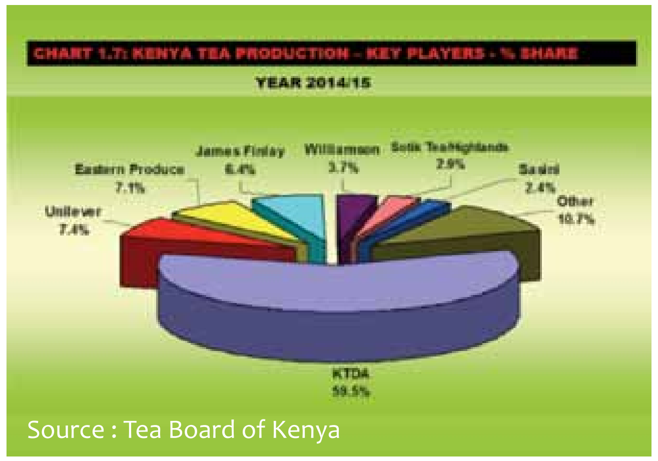
On a positive note, Kenya's position improved markedly in the World Bank's latest Ease of Doing Business Index as the government promised to step up efforts to further improve the business environment. Kenya Private Sector alliance through the Presidential Round Table meetings continue to support government on this initiative. The World bank in its evaluation of Kenya's Economy in the first half of the financial year observed that, "Low oil prices and loose monetary policy in the U.S. have bolstered Kenya's economy, East Africa's largest, helping it grow faster than expected last year and setting it on course for sustained growth in the years ahead, the World Bank said in a report. Kenya's economy grew by 5.4% in 2014. The next few years are set to look better yet, with growth rates seen at 6% for 2015, 6.6% for 2016 and 7% for 2017".

Global Tea Market Trend

Global tea Production has increased by 42.5% in the last 10 years with China and India leading world Tea producers with a market share of 40.2% and 24.5% respectively. Kenya which comes third after India accounted for 7.9% of global Tea Production during the period under review. Mintel, a consumer research company, has reported that tea sales in the U.K. have fallen by 22 percent between 2010 and 2015, to 76 million kilograms. What's more, it said, the trend is continuing, and predicted that tea sales would dip to 68 million kilograms by 2020. Specialty tea and coffee is replacing this market with growth of green tea, flavoured teas and herbal tea growing in the UK by 31% over this period according to the report. Although drop in consumption of black CTC tea is evident in the UK, global consumption of tea continued to grow at the rate of 4.2% against a registered global production growth over this period of 4.1%. Global supply of tea outstrips demand a phenomenon that is shifting demand in Kenya towards higher quality tea at the expense of poor quality tea.

Young consumers are less attracted by the traditional English Tea. The US however is registering growth in consumption with emphasis on black tea and green tea majorly because of perceived health benefits.

The war in traditional export markets for Sri Lankan tea, combined with the devaluation of the Russian shilling has affected exports of Sri Lankan tea forcing prices to drop at the auction. High labour wages has made this situation worse for Sri Lankan estates whose profitability is under threat. India which has been one of the leading exporters of tea is registering decline in production and falling export volumes.



Source : Tea Board of Kenya

National Tea Trends

Tea production in Kenya is recovering from two years of poor performance which started with oversupply in the market in 2013- 2014 crop year to draught and low production in 2014-2015 crop year. During both periods prices dropped drastically and only recovered from the Month of July for the well-made teas which attracted very good prices while low quality teas recovered only marginally. The El Nino Rains which began in November are expected to increase production this Financial Year. Between September and November, Kenyan tea prices have continued their upward trend, with top-grade leaf prices setting a new high by breaking through the USD 5 per kg barrier.

Following wars in Turkey Russia and the rest of that region demand for Sri Lanka tea has dropped pulling down prices while India drop on exports may support demand for Kenya Teas, although prices will continue chasing quality teas. Lower quality teas are projected to continue suffering depressed markets for another year running.

Global Coffee Trends

According to figures released by United States Department of Agriculture in June 2015, World coffee production for 2015/16 is forecast to rebound 6.4 million bags from the previous year to 152.7 million due primarily to record output in Indonesia and Honduras as well as modest recovery in Brazil. Current stocks however indicate a drop in 2014- 2015 crop season of 4.4 % according to reports by ICO. This drop happened in the face of projected global demand in consumption particularly in none traditional coffee drinking countries were the middle class continue to adopt western coffee drinking culture. Global exports and consumption are forecast at record quantities, drawing ending inventories to their lowest level in 4 years. Brazilian Arabica production is projected to improve compared to last year following favorable weather conditions. World demand for Arabica beans will remain high because of draw down on stocks. According to ICO coffee market report of October 2015, the jump witnessed on prices in October was going to be short lived? It attributes this to a return of rains in Brazil, the weakening of Brazilian Real to the USD, perceived slowdown on Chinese's Economy and the potential introduction of interest regime by US economy. ICO however projects growth in global coffee demand

National Coffee Trends

Uncertainty and a lack of confidence in Kenya's marketing system following the recent demands by County Governments continue to pose pertinent questions regarding the traceability and accessibility of coffees from the Country, this threat, however seem to be easing following challenges the county governments faced while trying to market their own coffee. Kenya remains an important source of high quality mild Arabica coffee, sought by roasters for blending less fine coffee. Kenya's production for the year 2015-2016 will remain in the region of this year's production estimated to close slightly above 450,000 MT. The 2014-2015 was affected by poor rainfall and although volumes went down, prices surged owing to poor supply from Brazil. Good prices in the international market saw coffee fetch Sh19 billion last year, an 18.8 per cent growth over the previously year.

GROUP FINANCIAL RESULTS

Overview

The results for the year indicate an increase in profitability in operating activities following the interventions implemented after a review of business in the first half and restructuring of non-performing assets. Significant contributions to this improvement arose from restructuring of non-performing assets. The year closed with a profit after tax arising from operating activities after minority interest of Kshs.953.6 million compared to a profit of Kshs.85.5 million in the previous year.

The year was characterised by a biting drought that severely affected the operations of the company in the first half of the financial year of the company which continued into the third quarter. The production volumes in both tea and coffee divisions dropped considerably. However, the improvement in tea prices in the second half supported by a change in manufacture strategy in tea production and stringent control on operation costs contributed to the recovery in profitability. The coffee price however dipped in the second half due to the lower quality of the coffee produced after the drought.

During the year, the restructuring of non-performing assets reported in the last financial year, which included the sale of part of the land in two of the subsidiary companies was completed. These parcels of land had been persistently loss making for the last six years running. The successful disposal of these assets in the second half yielded considerable contribution to the bottom line.

Tea Production

During the year, our factories produced 8,578 Tons of made tea compared to 11,564 Tons in the previous year. The average price realized for tea marginally increased to USD 1.87/kg compared to USD 1.82/kg in the previous Financial Year. The drop in the volume of tea produced was caused by the failure of rain in the months of December 2014 to April

CHAIRMAN'S STATEMENT (Continued)

2015. The lack of rainfall over this period caused most of our tea bushes to wither away while the rest of the bushes went dormant causing closure of one of our factories. During this period most of the leaf processed was of poor quality resulting in the production of more secondary grades which attracted less demand and fetched lower prices at the auction.

Coffee Production

During the year, our estates produced 993 Tons of Coffee compared to 1,153 Tons in the previous year. The drop in production is attributed to the poor rainfall during the first part of the year. All of our reservoirs dried up during this period making irrigation impossible. This denied the coffee bushes critical precipitation required to form the coffee berries fully. The result was poor quality, light coffee with a very low proportion achieving AA standard.

The average price realized for coffee dropped to USD 4.55/kg compared to USD 4.82/kg in the previous year; the elevated price in the previous year was due to the poor performance of the Brazilian coffee in the world market.

SOCIAL RESPONSIBILITY

During the year under review, the company commissioned the construction of a Secondary School and a Laboratory using a grant received from the Zarina and Naushad Merali Foundation amounting to 45 million shillings. The school located in our tea division, has been named Zarina and Naushad Merali School in honour of the sponsors and will serve students from that region.

Conservation efforts in streams around both our tea and coffee estates has ensured availability of water in the villages around these estates and a wonderful habitat for birds, dik dik, monkeys and other local wild life. An annual farmer's day was held at Kiambu to reflect on the support of our technical extension service and on the partnership with coffee farmers. During this meeting the Company gave out 200,000 seedlings of improved coffee varieties to the farmers and indigenous tree seedlings to neighboring primary schools

STRATEGIC INITIATIVES

The Board Continues to direct management on the path of continuous improvement and during the year a number of strategic initiatives were commissioned. These initiatives included restructuring of the dairy herd which saw rationalization of the herd to a size that is balanced and profitable. The Company in response to the challenges faced in our tea division over the last two years, has shifted emphasis towards manufacture of higher quality leaf, a shift from a decade of lower standard leaf. In our estate at Mweiga, a Biogas plant was commissioned to assist in cutting down the cost of electricity and to support in expanding our irrigation capabilities. This investment is also targeted as a source of Nitrogen and Phosphorous rich slurry for utilization in our coffee fields as an alternative fertilizer. Savana Coffee Houses and Sasini Retail businesses have been restructured and staffed appropriately to guarantee delivery of value to the bottom line. An embryo pilot program commissioned late last year has run a full year circle and is currently under review in preparation for scale up.

Acknowledgement

I wish to express my gratitude to the Sasini Management and staff for their commitment to the Company. I would also like to thank my colleagues on the Board for their continued unwavering support

Finally, on behalf of the Board, I wish to thank you, our esteemed shareholders for the trust bestowed upon us as your representatives. With your unwavering support, Sasini will continue to strive for sustainable growth for the benefit of all its stakeholders.

James Boyd McFie

Dr J. B. McFie PhD
Chairman
16th December 2015

MAZINGIRA YA UCHUMI NA BIASHARA

Chumi za Ulimwengu na za Afrika

Mwaka wa 2014-2015 uliweka wazi upungufu wa miaka mitano ya kufuatana katika ukuaji wa uchumi wa ulimwengu wa kijumla. Upungufu huu katika ukuaji umetokea ijapokuwa nafuu iliorekodiwa katika chumi zilizoendelea kutoka kwa hali ya wasiwasi wa kifedha iliopita.Tabiri zilizobadilishwa katika ripoti hii ya karibuni zaidi ya Mtazamo wa Kiuchumi wa Ulimwengu inasisitiza changamoto zinazokabiliwa na nchi zote. Licha ya tofauti si haba katika mitazamo ya kila nchi maalum, tabiri mpya zinapunguza kidogo viwango vya ukuaji vinavyotarajiwa vya karibu muhula kamili, lakini kwa karibu yote. Na zaidi, hatari mbaya kwa uchumi wa ulimwengu zinaonekana zaidi kufuatia ukuaji wa taratibu katika chumi zinazoibuka na kuimarika kwa dola ya Kimarekani kunakoendelea dhidi ya sarafu muhimu za kimataifa .

Bei za mafuta yasiyosafishwa ilibakia ya chini wakati akiba ya ulimwengu ikiendelea kuongezeka dhidi ya mahitaji pungufu. Bei za mafuta zimeporomoka kutokea mwezi Juni mwaka jana kutokana na kutolingana kwa ugavi na mahitaji. Uzalishaji wa gesi ya mwambatope Marekani umeongezeka na OPEC imeendeleza uzalishaji, hali mahitaji kutoka Uchina, mnunuzi mkuu wa bidhaa yamepungua.Upunguzaji wa vikwazo dhidi ya Iran, unaweza kuleta ugavi zaidi na kutatiza uwezekano wa bei kuongezeka zaidi.[1]

Uchumi wa Afrika

Unyumbukaji wa Afrika kwa pepo za mbishi za kilimwengu na kieneo ulivurugwa katika kipindi hiki cha migongano, kutokuwa na usalama, mlipuko wa Ebola na bei zinazopungua za bidhaa hasa za mafuta yasiyosafishwa. Changamoto hizi zilipunguza ukuaji katika baadhi ya chumi za Afrika. Ugonjwa wa Ebola hasa uliathiri Guinea, Liberia na Sierra Leone, ukisababisha shida kuu za kibinadamu na gharama kuu za kiuchumi. Ugonjwa huu ulikatiza uthabiti wa uchumi mkuu na hazina ya serikali katika miaka ya karibuni.Nafuu ya polepole tu inatarajiwa katika muhula unaokamilika.[2] Ijapokuwa ukuaji katika Afrika katika kipindi hiki ni wa taratibu kuliko ulivyokuwa mwaka jana ulibakia karibu na utendaji uliotarajiwa, ukiwa umesaidiwa na bei za mafuta za kimataifa zilizo nzuri, mazingira mazuri ya uekezaji, kukua kwa uekezaji wa moja kwa moja wa kigeni kufuatia msisitizo wa serikali kwenye sera zinazofanya kuanzisha biashara kuwarahisi zaidi.

Maeneo ya Afrika Chini ya Sahara

Kama katika hali nyingine za sehemu zilizobakia za Afrika , maeneo ya Afrika chini ya Sahara yamebakia nyumbufu na karibu chumi zote zikikua juu ya asilimia 4 ambayo ijapokuwa ni chini ya miaka iliopita, inabakia muhimu ikifikiriwa utendaji wa sehemu zingine za ulimwengu.Nchi zinazosafirisha mafuta zimekabiliwa na vipingamizi katika ukuaji wao zikitanguliwa na kupungua kulikoendelea katika bei za mafuta yasiyosafishwa. Kwa upande mwengine kuimarika kwa dola ya Kimarekani dhidi ya sarafu kuu nyingine kumesaidia nchi zinazosafirisha bidhaa kutokana na athari za bei duni za bidhaa zilizoshuhudiwa katika kipindi hiki kuleta usawa wa ukuaji katika maeneo haya ambao katika kipindi hiki ulibakia wa juu kabisa ulimwenguni. Uchumi wa Afrika ya Kusini ni mmoja kati ya zile zilizopata upungufu kufuatia migomo ya kiviwanda na changamoto za ugavi wa umeme. Nchi zilizo karibu na kitovu cha kulipuka kwa ugonjwa wa Ebola pamoja na nchi zinazosafirisha mafuta pia ziliathiriwa kihasi.

Ukuaji huu chanya unaoonekana katika maeneo chini ya Sahara ijapokuwa, umekabiliwa na changamoto za kuimarika kwa dola na kupungua kwa fedha. Hali za kifedha za ulimwengu zinaelekea kukabika katika kipindi cha muda mfupi katika mwaka huu wa kifedha jambo litakalotatiza ukuaji katika eneo hili ambapo karibu nchi zote zinakabiliwa na upungufu wa bajeti.Kutokana na uwezekano huu, fedha ghafla zinaweza kutopatikana au zinapopatikana, gharama zinaweza kuongezeka sana. Basi nchi zinaweza kutakikana kufanya mageuzi makuu kuliko yaliyopangwa na hasa upunguzi wa matumizi ya mtaji ukipata pigo zaidi. Katika muktadha huo, kutakuwa na athari hasi kwenye ukuaji wote wa kipindi cha muda wa karibuni na cha muda wa kati.Mapitio ya ukuaji wa eneo hili ya Benki ya Dunia yanaonyesha ukuaji wa maeneo chini ya Sahara katika mwaka 2015 kupungua kuwa asilimia 4.2 kwa wastani kutoka asilimia 4.6 katika mwaka 2014, badiliko la pointi asilimia 0.4 kuwiana na ya Januari 2015 GEP. Mabadiliko yanaonyesha ukadiriaji upya wa matarajio ya Angola, Naijeria, na Afrika ya Kusini. Ukuaji katika eneo hili unatarajiwa kuimarika katika mwaka 2016 kwa wastani wa asilimia 4.6 na kuongezeka kuwa asilimia 5 katika mwaka 2017.[3]

[1] Mtazamo wa Kiuchumi wa Ulimwengu wa IMF Oktoba 2015

[2] Ripoti ya UNDP kuhusu Athari ya Kiuchumi ya ugonjwa wa Ebola 2014

[3] Matazamio ya Uchumi wa Ulimwengu ya Benki ya Dunia Juni 2015

Uchumi wa Kitaifa

Hatari za usalama zinazotokana na ugaidi na kuzidishwa na ushindani hasi wa kisiasa, ufisadi na bei duni za bidhaa ziliendelea katika mwaka wa 2015. Licha ya athari hizi, uchumi ulikua kwa asilimia 5.4 katika kipindi hiki, ukisaidiwa hasa na utumizi wa muundomsingi na matumizi ya nyumbani. Kiwango cha mfumko wa bei kilibakia thabiti kwa kiasi katika kipindi hiki na ijapokuwa mfumko wa bei uliongezeka kidogo katika kipindi hiki ulibakia katika makisio. Utendaji imara katika sekta kama vile ujenzi, kilimo na huduma za kifedha ulisaidia utendaji dhaifu uliopatikana katika utalii na masoko ya hisa kuufanya ukuaji wa kiuchumi sawa. Katika nusu ya pili ya mwaka huu wa kifedha, sekta ya benki ilikumbwa na vipingamizi kufuatia kuwekwa kwa benki za Dubai na Imperial chini ya usimamizi wa Benki Kuu. Ijapokuwa hali hii inaweza kuonekana kuchanganyika na kupungua kwa thamani ya Shilingi ya Kenya dhidi ya sarafu kuu na kudhoofisha ukuaji, juhudi za Benki kuu kulinda sarafu zilisababisha shilingi kuimarika katika mwezi wa Oktoba.

Kwa mtazamo chanya, nafasi ya Kenya iliimarika kiasi katika Kielezo cha Benki ya Dunia cha Urahisi wa Ufanyaji Biashara wakati serikali ikiahidi kuongeza juhudi kuimarisha zaidi mazingira ya biashara. Muungano wa Sekta ya Kibinafsi ya Kenya kupitia mikutano ya Majadiliano ya Raisi unaendelea kusaidia serikali katika juhudi hii. Katika tathmini yake ya Uchumi wa Kenya katika nusu ya kwanza ya mwaka huu wa kifedha Benki ya Dunia ilitoa wazo kuwa, “ Bei za chini za mafuta na sera huru za kifedha nchini Marekani zimeshikilia uchumi wa Kenya, ambao ni mkuu zaidi Afrika Mashariki, ukiusaidia kukua haraka zaidi kuliko ulivyotarajiwa mwaka jana na kuuweka sawa kwa ukuaji wa kuendelea katika miaka inayokuja, Benki ya dunia ilisema katika ripoti.Uchumi wa Kenya ulikua kwa asilimia 5.4 katika mwaka 2014. Miaka michache inayofuata inatarajiwa kuonekana bora zaidi na tena viwango vya ukuaji vikionekana katika asilimia 6 mwaka 2015 , asilimia 6.6 mwaka 2016 na asilimia 7 mwaka 2017”.

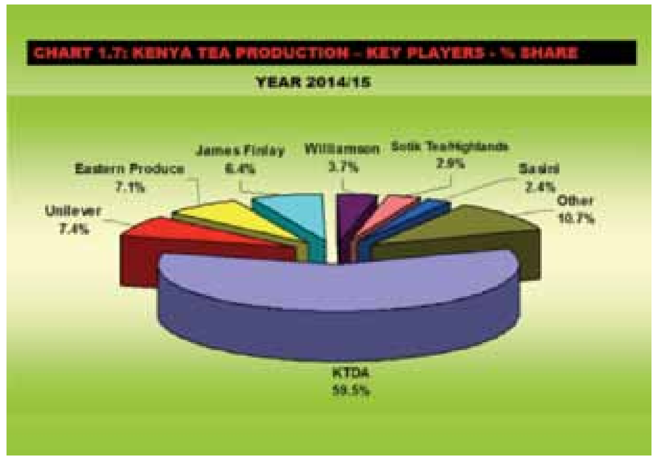
Mwelekeo wa Soko la Majani Chai la Ulimwengu

Uzalishaji wa majani chai wa ulimwengu uliongezeka kwa asilimia 42.5 katika miaka 10 iliopita na Uchina na India zikiongoza wazalishaji wa majani chai wa ulimwengu wakiwa na hisa ya soko ya asilimia 40.2 na asilimia 24.5 mtawalia. Kenya inayokuja nafasi ya tatu baada ya India ikichukua asilimia 7.9 ya uzalishaji majani chai wa ulimwengu katika kipindi kinachopitiwa.Kampuni ya utafiti wa watumizi, Mintel imeripoti kuwa mauzo ya majani chai nchini Uingereza yameanguka kwa asilimia 22 baina ya mwaka 2010 na mwaka 2015, kuwa kilo milioni 76. Na zaidi, ilisema, mwelekeo unaendelea, na kutabiri kuwa mauzo ya majani chai yataanguka kuwa kilo milioni 68 kufikia mwaka 2020. Majani chai na kahawa maalum zinabadilisha soko hili na ukuzaji wa majani chai ya kijani, chai za ladha na ukuzaji wa majani chai ya viungo nchini Uingereza kwa asilimia 31 katika kipindi hiki kulingana na ripoti.Ijapokuwa upungufu katika utumizi wa majani chai meusi ya CTC ni dhahiri nchini Uingereza, utumizi wa majani chai wa ulimwengu uliendelea kukua kwa kiwango cha asilimia 4.2 dhidi ya ukuaji wa uzalishaji wa ulimwengu wa aslimia 4.1 uliorekodiwa katika kipindi hiki.Ugavi wa majani chai wa ulimwengu ulizidi mahitaji jambo linalogeuza mahitaji nchini Kenya kuelekea majani chai ya ubora wa juu kuliko majani chai ya ubora wa chini.

Watumizi wadogo hawavutiwi sana na Chai Asilia ya Kiingereza.Ijapokuwa Marekani inaandikisha ukuaji katika utumizi na msisitizo hasa katika majani chai meusi na majani chai kijani kwa sababu ya faida zinazoaminiwa za kiafya. Vita katika masoko ya mahuruji asilia ya majani chai ya Sri Lanka, pamoja na kushuka kwa thamani ya shilingi ya Urusi zimeathiri mahuruji ya majani chai ya Sri Lanka ikilazimisha bei kupungua katika mnada. Ujira mkuu wa wafanyi kazi umefanya hali hii kuwa mbaya zaidi kwa mashambaya Sri Lanka ambayo faida yao inatishiwa.India ambayo imekuwa mojawapo ya wasafirishaji wanaoongoza wa majani chai inarekodi upungufu katika uzalishaji na kupungua kwa viwango vya mahuruji.

Mielekeo ya Kitaifa ya Majani Chai

Uzalishaji wa majani chai nchini Kenya unapata nafuu kutoka kwa miaka miwili ya utendaji mbaya ambao ulianza na ugavi wa ziada katika soko katika mwaka wa mazao wa 2013-2014 na ukame na uzalishaji mdogo katika mwaka wa mazao wa 2014-2015. Katika vipindi vyote viwili bei zilianguka sana na kupata nafuu tu kutokea mwezi wa Julai kutoka majani chai yaliotengenezwa vizuri yaliopata bei nzuri sana hali majani chai ya ubora wa chini yalipata afueni kidogo sana. Mivua ya El Nino ilioanza mwezi Novemba inatarajiwa kuongeza uzalishaji mwaka huu wa kifedha. Bei za majani chai ya Kenya zimeendeleza mwelekeo wake wa kuongezeka, na bei za majani ya gredi ya juu zaidi zikipata kiwango kipya cha juu kwa kupita kizuizi cha dola 5 za Kimarekani kwa kilo baina ya Septemba na Novemba.Kufuatia vita nchini Uturuki, Urusi na sehemu nyingine za eneo hilo mahitaji ya majani chai ya Sri Lanka yalipungua yakivuta bei chini wakati upungufu wa mahuruji ya India unaweza kusaidia mahitaji ya majani chai ya Kenya, ijapokuwa bei zitaendelea kufuata majani chai ya ubora wa juu. Majani chai ya ubora wa chini yanakisiwa kuendelea kutopata masoko kwa mwaka mwengine unaoendelea.



{Chati 1.7: Uzalishaji majani ya chai wa kenya – watendaji muhimu – % hisa} {Mwaka 2014/15} Nyingine – 10.7%

Mielekeo ya Ulimwengu ya Kahawa

Kulingana na hesabu zilizotolewa na Idara ya Kilimo ya Marekani mwezi Juni 2015, uzalishaji wa kahawa wa ulimwengu wa mwaka 2015/2016 unakadiriwa kuduta magunia milioni 6.4 kutoka mwaka uliotangulia kuwa milioni 152.7 kutokana na uzalishaji wa rekodi Indonesia na Honduras na pia afueni ya kiasi kidogo nchini Brazil. Ijapokuwa akiba ya sasa inaonyesha upungufu wa asilimia 4.4 katika msimu wa mazao wa 2014-2015 kulingana na ripoti ya ICO. Upungufu huu ulitokea katika hali ya makadirio ya mahitaji ya ulimwengu ya utumizi hasa katika nchi zisizokuwa asilia za unywaji kahawa ambapo tabaka la kati linaendelea kufuata utamaduni wa kimagharibi wa kunywa kahawa.Mahuruji ya ulimwengu na utumizi yanatabiriwa katika viwango vya rekodi,ikionyesha kumalizika kwa hesabu za kiwango chao cha chini kabisa katika miaka 4.Uzalishaji wa kahawa ya Arabika ya Brazil unakadiriwa kuimarika ikilinganishwa na mwaka jana kufuatia hali nzuri za anga.Mahitaji ya ulimwengu ya mbegu za Arabika yatabakia ya juu kwa sababu ya kupungukwa kwa akiba. Kulingana na ripoti ya soko la kahawa ya ICO ya mwezi Oktoba 2015, kuongezeka kulikoshuhudiwa katika bei mwezi Oktoba kutakuwa kwa muda mfupi? Inatoa sababu ya hili kwa kurudi kwa mvua nchini Brazil, kudhoofika kwa riali ya Brazil ikilinganishwa na dola ya Kimarekani, kuonekana kupungua kwa mwendo wa uchumi wa Uchina na uwezekano wa kuanzishwa kwa mfumo wa riba na uchumi wa Marekani.Ijapokuwa ICO inakadiria ukuaji katika mahitaji ya kahawa ulimwenguni.

Mielekeo ya Kitaifa ya Kahawa

Wasiwasi na ukosefu wa imani katika mfumo wa uuzaji wa Kenya kufuatia mahitaji ya karibuni ya serikali za kaunti zinaendelea kuzua maswali muhimu kuhusiana na uwezekano wa kupata asili na upatikanaji wa kahawa kutoka nchini, ijapokuwa hatari hii inaonekana kupungua kufuatia changamoto zinazokabili serikali za kaunti zinapojaribu kuuza kahawa yao wenyewe.Kenya inabakia chanzo muhimu cha kiwango cha juu cha kahawa isiyokali ya Arabika, inayotafutwa na waokaji kwa kusaga kahawa isiyokuwa laini kabisa. Uzalishaji wa Kenya wa mwaka 2015 -2016 utabakia katika eneo la uzalishaji unaokadiriwa wa kumalizika kwa mwaka huu juu kidogo ya TM 450,000. Mwaka 2014-2015 uliathiriwa na mvua chache na ijapokuwa viwango vilipungua, bei ziliongezeka kutokana na ugavi mchache kutoka Brazil. Bei nzuri katika soko la kimataifa zilifanya kahawa kupata Sh. bilioni 19 mwaka jana, ukuaji wa asilimia 18.8 zaidi ya mwaka uliopita.

MATOKEO YA KIFEDHA YA KUNDI

Mtazamo

Matokeo ya mwaka yanaonyesha ongezeko katika faida ya uendeshaji shughuli kufuatia juhudi zilizotekelezwa baada ya mapitio ya biashara katika nusu ya kwanza na upangaji upya wa rasilimali zisizoleta faida. Michango mikubwa kwa uimarikaji huu ulitokana na upangaji upya wa rasilimali zisizoleta faida. Mwaka ulimalizika na faida baada ya ushuru iliotokana na uendeshaji shughuli baada ya riba ndogo ya Ksh. milioni 953.6 ikilinganishwa na faida ya Ksh. milioni 85.5 katika mwaka uliotangulia.

Mwaka ulikuwa na ukame mkuu ambao uliathiri sana shughuli za kampuni katika nusu ya kwanza ya mwaka wa kifedha wa kampuni ulioendelea hadi katika robo ya tatu.Viwango vya uzalishaji wa vitengo vyote viwili vya majani chai na kahawa vilipungua sana.Ijapokuwa, uimarikaji katika bei za majani chai katika nusu ya pili ukisaidiwa na badiliko katika mkakati wa utengenezaji katika uzalishaji wa majani chai na udhibiti mkali wa gharama za shughuli zilichangia katika kupata nafuu katika faida.Ijapokuwa bei ya kahawa ilianguka katika nusu ya pili kutokana na kahawa ya ubora wa chini iliyozalishwa baada ya ukame.

Katika mwaka, upangaji upya wa rasilimali zisizoleta faida uliripotiwa katika mwaka uliopita wa kifedha, uliojumlisha uuzaji wa sehemu ya ardhi katika kampuni tanzu mbili ulikamilishwa.Vipande hivi vya ardhi vimekuwa vikiendelea kufanya hasara kwa miaka sita iliopita. Kufaulu kwa uuzaji wa rasilimali hizi katika nusu ya pili ulitoa mchango mkuu kwa faida.

Uzalishaji Majani Chai

Katika mwaka, viwanda vyetu vilizalisha tani 8,578 za majani chai yaliyotengenezwa ikilinganishwa na tani 11,564 katika mwaka uliopita.Bei ya wastani ya majani chai iliopatikana iliongezeka kidogo kuwa USD 1.87 kwa kilo ikilinganishwa na USD 1.82 kwa kilo katika Mwaka wa Kifedha uliotangulia.Upungufu katika viwango vya uzalishaji wa majani chai ulisababishwa na kukosekana kwa mvua katika miezi ya Desemba 2014 hadi Aprili 2015.Kutokuwepo kwa mvua katika kipindi hiki kulisababisha vichaka vyetu karibu vyote vya majani chai kukauka hali vichaka vilivyobakia vilikuwa bwete ikisababisha kufungwa kwa kiwanda chetu kimojawapo. Katika kipindi hiki karibu majani yote yaliyotengenezwa yalikuwa ya ubora wa chini yakisababisha uzalishaji wa gredi nyingine zaidi ambazo zilihitajiwa kwa uchache na kupata bei za chini katika mnada.

Uzalishaji wa Kahawa

Katika mwaka unaopitiwa, mashamba yetu yalizalisha tani 993 za kahawa ikilinganishwa na tani 1,153 katika mwaka uliopita.Upungufu wa uzalishaji ulitokana na mvua chache katika sehemu ya kwanza ya mwaka. Mabwawa yetu yote yalikauka katika kipindi hiki yakifanya unyunyizaji kutowezekana.Hili lilinyima vichaka vya kahawa unyevu muhimu unaohitajika kutengeneza kokwa za kahawa kamilifu.Matokeo ni ubora wa chini, kahawa hafifu ya kiwango cha chini sana kufikia kiwango cha AA.

Bei wastani iliyopatikana ya kahawa ilipungua kuwa USD 4.55 kwa kilo ikilinganishwa na USD 4.82 kwa kila kilo katika mwaka uliotangulia; bei ya juu ya mwaka uliotangulia ilitokana na utendaji mbaya wa kahawa ya Brazil katika soko la ulimwengu.

WAJIBU WA KIJAMII

Katika mwaka unaoangaliwa, kampuni ilianzisha ujenzi wa Shule ya Sekondari na maabara ikitumia ruzuku ya jumla ya shilingi milioni 45 iliotoka kwa Mfuko wa Fedha wa Zarina na Merali.Shule iliopo katika eneo la majani chai imepatiwa jina la Zarina na Naushad Merali kwa heshima ya wadhamini na itahudumia wanafunzi kutoka eneo hilo. Juhudi za uhifadhi wa vijito katika yote mashamba yetu ya majani chai na kahawa zimehakikisha upatikanaji wa maji katika vijiji vya karibu ya mashamba haya na mazingira mazuri ya ndege, dikidiki, kima na wanyama wengine wa kiasili.Siku ya wakulima ya kila mwaka iliadhimishwa Kiambu kuonyesha msaada wa huduma yetu ya uenezi wa kiufundi na ubia na wakulima wa kahawa katika mkutano huu.Kampuni katika mkutano huu, ilitoa miche 200,000 ya aina za kahawa zilizoimarishwa kwa wakulima na miche ya miti ya kiasili kwa shule za msingi za karibu.

JUHUDI ZA KIMKAKATI

Halmashauri inaendelea kuelekeza usimamizi kwenye njia ya uimarikaji wa kuendelea na katika mwaka juhudi kadhaa za kimkakati zilianzishwa. Juhudi hizi zinajumlisha upangaji upya wa kundi la ng'ombe wa maziwa uliosababisha kundi kuwa na idadi sawa na ya faida. Kampuni katika uitikio wa changamoto zilizokabiliwa katika miaka miwili iliopita na kitengo chetu cha majani chai, imeelekeza msisitizo kwenye utengenezaji wa majani ya ubora wa hali ya juu, badiliko kutoka mwongo wa majani ya kiwango cha chini.Katika shamba letu la Mweiga, kiwanda cha gesi kilianzishwa kusaidia katika kupunguza gharama za umeme na kusaidia katika kupanua uwezo wetu wa kunyunyiza. Uekezaji huu umelengwa pia kama chanzo cha tope laini ya udongo tajiri cha nitrojeni na fosforasi kwa utumizi katika mashamba yetu ya kahawa kama mbolea badalia. Mikahawa ya Savana na biashara rejareja ya Sasini zimepangwa upya na kuandikwa wafanyikazi wa kutosha kuhakikisha utoaji wa thamani kwa faida. Mpango wa majaribio ya kiinitete ulioanzishwa mwishoni mwa mwaka uliopita umemaliza mwaka mzima na kwa sasa unaangaliwa kwa matayarisho ya kuendelezwa kwa kiwango kikubwa.

SHUKRANI

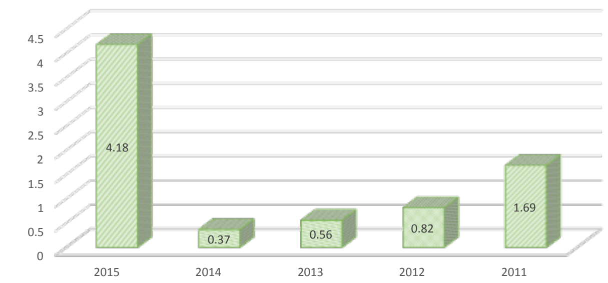
Ningependa kutoa shukrani kwa Usimamizi na wafanyikazi wa Sasini kwa kujitolea kwao kwa Kampuni. Pia ningependa kuwashukuru washiriki wenzangu katika Halmashauri kwa usaidizi wao wa kuendelea usiotetereka.

Mwishowe, kwa niaba ya Halmashauri, ningependa kuwashukuru, wenye hisa wetu watukufu kwa imani mliotupatia kama wawakilishi wenu. Kwa usaidizi wenu usioyumba, Sasini itaendelea kujitahidi kuwa na ukuaji unaoendelea kwa manufaa ya washika dau wake wote.

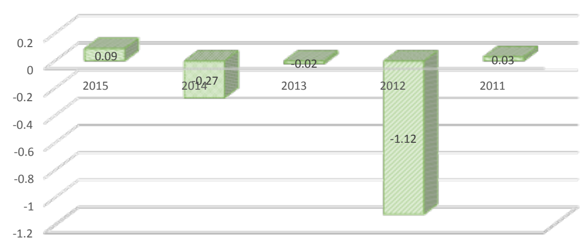
Dkt. J. B. Mc Fie PhD
Mwenyekiti
Tarehe 16 Desemba mwaka 2015

GRAPHICAL HIGHLIGHTS

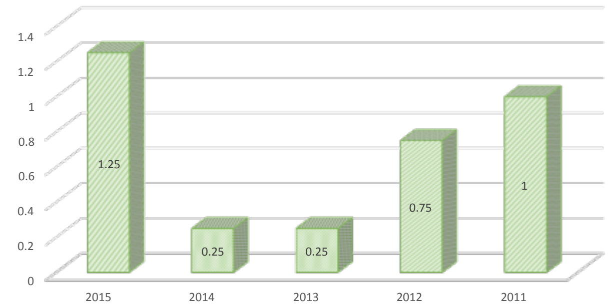
EARNINGS PER SHARE ON OPERATING ACTIVITIES (KSHS)



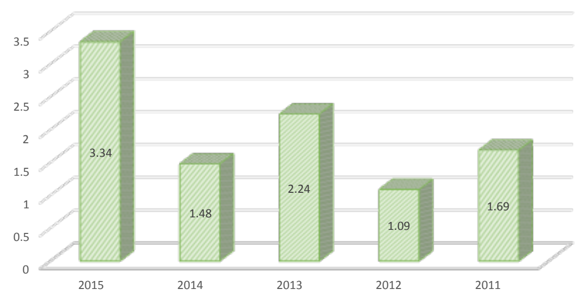
EARNINGS/(LOSS) PER SHARE ON BIOLOGICAL ASSETS (KSHS)



DIVIDEND PER SHARE (KSHS)



DIVIDEND COVER (TIMES COVERED)



CAPITAL EMPLOYED PER SHARE

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the consolidated and separate financial statements for the year ended 30 September 2015, which disclose the state of affairs of the Group and the Company.

1. Activities

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

2. Results

The results of the Group and Company for the year are set out on pages 29 and 30, respectively.

3. Dividends

An Interim dividend of KShs 1.00(100%) (2014-Nil) was declared and paid on 15th September 2015. The Directors recommended the payment of a final dividend of KShs 0.25 per share (25%) (2014-KShs 0.25 (25%)). This amounts to total dividend of KShs 1.25 per share for the year (2014-KShs 0.25(25%)).The final divided, if approved will be paid on or around 18th March 2016 to the members on record at close of business on 25th February 2016. The register will be closed for one (1) day on 26th February 2016.

4. Equity and reserves

The authorized issued share capital of the Company at 30 September 2015 and matters relating thereto are set out in note 28 and 29 to the financial statements.

Full details of the Group and Company reserves and movements therein during the year are shown on pages 33, 34, 35 and 36.

5. Property, plant and equipment

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

6. Directors

The directors who served during the year and upto the date of this report are set out on pages 3 and 4.

In accordance with the regulation 94 of the Articles of Association, Dr. J.B. McFie and Mrs. L.W. Waithaka retire by rotation, and being eligible, offer themselves for re-election.

7. 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 %	
	2015	2014
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.60
East Africa Batteries Limited	9.94	9.94
Gulamali Ismail	8.42	7.76
	72.80	72.14

8. Directors' interests

Directors' interests in the shares of the Company were as follows.

	2015	2014
Name of Director	No. of shares	No. of shares
Mr. A. H. Butt	30,300	30,300
Mr. S.N. Merali	45,900	45,900

9. Auditors

The auditors, KPMG Kenya, continue in office in accordance with Section 159(2) of the Kenyan Companies Act.

10. Approval of financial statements

The financial statements were approved at a meeting of the directors held on 16 December 2015

BY ORDER OF THE BOARD

Mrs. M. R. Ekaya
Company Secretary
Date: 16 December 2015

Wakurugenzi wanafuraha kuwakilisha ripoti yao pamoja na taarifa za hesabu zilizounganishwa na za kando za mwaka ulioishia tarehe 30 Septemba 2015 zinazoonyesha hali ilivyo ya Kundi na Kampuni.

1. Shughuli
Shughuli muhimu za Kampuni na kampuni zake tanzu ni ukuzaji, utengenezaji na uuzaji majani chai na kahawa, usagaji kahawa wa kibiashara na uuzaji, uongezaji thamani wa bidhaa zinazohusiana, biashara ya misitu, shughuli za maziwa na bidhaa zake na mifugo.

2. Matokeo
Matokeo ya Kundi na Kampuni ya mwaka yako katika ukurasa 29 na 30, mtawalia.

3. Mgao wa Faida
Mgao wa muda wa faida ya KShs 1.00 kwa kila hisa (asilimia 100) (mwaka 2014-Kapa) ulitangazwa na kulipwa tarehe 15 Septemba 2015. Wakurugenzi wanapendekeza ulipaji wa mgao wa mwisho wa faida wa KShs 0.25 kwa kila hisa(asilimia 25) (mwaka 2014- KShs 0.25). Hii inajumlisha jumla ya faida ya mwaka ya KShs 1.25 kwa kila hisa (mwaka 2014-KShs 0.25). Ukiidhinishwa, mgao wa mwisho wa faida utalipwa tarehe 18 Machi 2016, kwa wanachama watakao kuwa kwenye rikodi wakati wa kufunga biashara tarehe 25 Februari 2016. Rejesta litafungwa kwa siku moja (I) tarehe 26 Februari 2016.

4. Rasilimali ya Hisa na Akiba
Rasilimali ya hisa za Kampuni zilizoidhinishwa na kutolewa kufikia tarehe 30 Septemba 2015 na mambo yanayohusiana nazo yanaonyeshwa kwenye tanbihi 28 na 29 ya taarifa za kifedha.

Maelezo kamili ya Kundi na akiba ya Kampuni na mienendo yake katika mwaka yameonyeshwa katika kurasa za 33, 34, 35 na 36.

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

6. Wakurugenzi
Wakurugenzi waliohudmu katika mwaka huu na mpaka tarehe ya ripoti hii wameonyeshwa katika kurasa za 3 na 4.Kulingana na Sheria ya 94 ya Kanuni za Kampuni, Dkt. J.B.McFie na Bi. L. W. Waithaka wanastaafu kwa zamu, na kwa kuwa wanastahili, wanajitolea kuchaguliwa tena.

7. Umilikaji wa Hisa Nyingi
Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki asilimia 5 au zaidi ya rasilimali ya hisa zilizotolewa za Kampuni:
Umilikaji wa hisa %

	2015	2014
Legend Investments Limited	41.84	41.84
Yana Towers Limited	12.60	12.60
East Africa Batteries Limited	9.94	9.94
Gulamali Ismail	8.42	7.76
	72.80	72.14

8. Ushirika wa Wakurugenzi
Ushirika wa wakurugenzi katika hisa za Kampuni ni kama ufuatao:

	2015	2014
Jina la Mkurugenzi	**Idadi ya Hisa**	**Idadi ya Hisa**
Bw. A. H. Butt	30,300	30,300
Bw. S. N. Merali	45,900	45,900

9. Wakaguzi
Wakaguzi, KPMG Kenya, wameonyesha kuridhika kuendelea na wadhifa kufuatana na sehemu 159(2) ya Sheria za Kampuni za Kenya.

10. Kuidhinishwa kwa taarifa za kifedha
Taarifa za kifedha ziliidhinishwa katika mkutano wa wakurugenzi uliofanyika tarehe 16 Desemba 2015.

Kwa Amri ya Halmashauri

Bi. M. R. Ekaya
Katibu wa Kampuni
Tarehe:16 Desemba 2015

Corporate governance is the manner in which the power of, and the power over a company is exercised in the stewardship of its assets and resources so as to enhance and sustain shareholders value while at the same time satisfying the needs and interests of all its stakeholders. Sasini Limited recognizes that corporate governance is a shared responsibility and as such accords the shareholders opportunity to exercise their responsibility for safeguarding and propagating their interests by participating in the affairs of the company, as appropriate, to ensure their company is well governed.

The Group conducts its operations in accordance with recommended principles of good corporate governance as provided in the guidelines issued by the Capital Markets Authority (CMA) and complies with the Capital Markets (Securities), (Public Offers, Listing and Disclosures) Regulations, 2002. In this regard, the Board has adopted a Corporate Governance Framework and a Board Charter consistent with the CMA guidelines.

Following an independent evaluation of the Company's Governance practices and process, Sasini Limited was awarded the Champion of Governance Award in the agriculture sector, in the premiere event organized by the Institute of Certified Public Secretaries of Kenya in 2011. The award recognized that Sasini demonstrates excellence and integrity in its Governance Systems, Leadership and Management Practices.

Board of Directors
The composition of the Board is in keeping with good corporate governance practices. The role of the Chairman and the Managing Director are segregated. The Managing Director is in charge of the day to day running of the business of the Group. A non-executive director acts as Chairman of the Board. The current Board is composed of one Executive Director and seven non-executive directors and it includes committed individuals with diverse and complementary skills to ensure that there is sufficient wealth of experience at Board level. All the directors' appointments are subject to confirmation by shareholders at the Annual General Meeting. One third of the directors, except the Managing Director, retire by rotation annually and are eligible for re-election at the Annual General Meeting.

The directors are given appropriate and timely information to enable them to maintain full and effective control over all strategic, financial, operational and compliance issues.

Board of Directors Responsibilities
The Board of Directors is responsible for the long term strategic direction of the Group which is aimed at sustainable value creation to maintain a profitable growth, and at the same time upholding high standards of corporate governance and business ethics. A summary of Board of Directors responsibilities is highlighted below:

- Formulation of Group strategy and ensuring there are adequate structures to implement it;
- Monitoring the Group performance against strategy and budgets;
- Approval for publication of Group financial statements in line with legal and regulatory requirements.
- The selection, appointment and appraisal of senior executives who are qualified to manage the Group affairs;
- Review of the effectiveness of the structures put in place to guide the Group operations;
- Ensuring there are adequate systems for monitoring compliance with laws and regulations; and
- Determining the terms of all Board Committees and ensuring that they carry out their functions effectively.

Board Meetings
Board Meetings are held every quarter and in exceptional circumstances as dictated by exigencies of Group operations.

This financial year, a total of five (5) Board Meetings were held.

During their meetings the Board reviews the Group performance against the planned strategies and also approve issues of strategic nature.

Board Committees
The Board has approved the delegation of certain authorities to Board Sub-Committees where applicable, and to the management.

The Board has two committees both of which are guided by clear terms of reference. The committees are instrumental in monitoring Group operations, conduct of business, systems and internal controls. The committees are the Audit Committee, and the Remuneration and Nominations Committee.

Audit Committee

The members of this committee are all non-executive directors and professionals. All the members meet minimum financial literacy standards and have accounting or financial management expertise. The committee meets four times in a year and the Managing Director, the Group Financial Controller, the Internal Auditor and occasionally the External Auditors attends.

The roles of the committee include:

(a) The review of interim and annual financial statements to ensure compliance with Accounting Standards and other disclosure requirements;
(b) The maintenance and review of the Group's system of accounting and internal controls;
(c) Liaising with external auditors of the Group and effecting their recommendations; and
(d) Defining the scope and responsibilities of the internal auditors

The committee met four times during the year.

The Committee is made up of the following Directors:

(a) Mrs. L. W. Waithaka
(b) Mr. S. N. Merali
(c) Mr. A. R. Kassam

Remuneration and Nominations Committee

This Committee's remit is to assist the Board in addressing issues pertaining to remuneration levels, employee development and motivation. It ensures that the appropriate reward mechanisms are in place at all levels of the organization while maintaining principles of equity and appropriateness. The Committee also oversees the rigorous and transparent process for bringing new Directors on to the Board, and for appointing Directors to Board Committees, subject to approval by the full Board.

The members of the Committee are all independent non-executive directors and professionals who by reason of education and/or experience possess sufficient expertise to enable the Committee to execute its mandate.

The Committee met four times in the year.

The Committee is made up of the following Directors:

(a) Dr. S. O. Mainda
(b) Dr. J. B. McFie
(c) Mr. A. H. Butt

Directors' Remuneration

The remuneration for non-executive directors consists of fees for their services and sitting allowances in connection with attendance at Board and committee meetings.

The aggregate amount of emoluments paid to directors for services rendered during the financial year ended 30 September 2015 are contained in Note 14 and 34 to the financial statements in this annual report.

Neither at the end of the financial year, nor at any time during the year did there exist any arrangement to which the Group is party, whereby directors might acquire benefits by means of the acquisition of the Group's shares. There were no directors' loans at any time during the year.

Communication with Shareholders

The Group is committed to ensuring that shareholders and the financial markets are provided with timely information in regard to its performance. This is achieved by issuing notices in the press of its half-yearly and annual financial results. The full annual report and financial statements are posted on the Group's website and also distributed to all shareholders and to other parties who have an interest in the Group's performance, on request.

The Group responds to numerous letters from shareholders and interested parties on a wide range of issues.

The Group also invites shareholders to seek clarity on company performance in general meetings.

Social and Environmental Responsibilities

The Group is mindful of its responsibilities with regard to the social welfare of its employees, their families and the host communities. The Group, therefore, provides housing, health, educational and recreational facilities to meet the needs of its employees who are resident on its estates. Maintenance of the facilities is provided to the highest standards and success in this regard has been manifested by the good results achieved in primary schools situated in the Group's estates.

The Group is also concerned with the maintenance of the environment and in this regard it maintains sections of indigenous and non-indigenous forests in its tea plantations and shade trees in its coffee plantations. The Group has maintained a continuous afforestation program in all areas with idle land. It also maintains natural vegetation in all water catchment areas.

Certifications

(a) Tea

The Group has attained the internationally recognized Rain Forest Alliance (RFA) Certification for its Tea estates. This certification confirms the attainment of minimum standards in relation to ecosystem conservation, wildlife protection, and fair treatment and good working conditions for workers.

In addition, the Group's tea operation is ISO 22000 certified. This certification embraces quality management system processes and food safety standards.

(b) Coffee

In Coffee, the Group's operation is UTZ Certified. This internationally recognized certification is given on fulfilling a code of conduct which tests coffee operations based on three criteria, namely, good agriculture and business practices, social responsibility and environmental considerations. Besides, the Coffee operation is Rain Forest Alliance, Fairtrade and ISO 22000 certified. The group has satisfied the requirements by the AFFA-Coffee Directorate for certification of the Mark of Origin.

The Group not only earns substantial foreign exchange through the export of its produce, but also makes a significant contribution through the payment of taxes, cess and other levies to the respective County Governments in the areas in which it operates.

Code of Conduct

The Group has a code of conduct which seeks to guide employees in ethical conduct of business. All directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers and regulatory authorities.

Internal Control

The effectiveness of the Group internal control is monitored on a regular basis by the Internal Audit function. The Internal Audit function reviews the Group compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures. The Internal Audit function focuses their attention to areas where the Group could be exposed to greatest risks. The Internal Audit function reports to the Audit Committee of the Board.

The Group has established operational procedures and controls to facilitate proper safeguard of assets and accurate financial reporting.

Conflicts of Interest

All directors and management are under duty to avoid conflicts of interest. The directors are required to disclose outside business interests which would conflict with the Group business.

Going Concern

The directors confirm that the Group has adequate resources to continue in business for the foreseeable future and therefore to continue to use the going concern basis when preparing the financial statements.

Significant Change in Shareholders

The Company discloses to the Nairobi Securities Exchange at the end of each quarter the names of persons who hold or acquire 3% or more of the issued shares. The Company also files the foreign investors' returns as required, on a monthly basis.

Board/Board Committees Attendance

The following table gives the record of attendance of the Sasini Board and its Committee meetings for the year ended 30 September 2015:

Number of meetings held	Meetings attended		
	Main Board	Audit Committee	Remuneration and Nomination Committee
Dr. J. B. McFie	5	N/A	5
M. K. Changwony	5	N/A	N/A
N. N. Merali	3	N/A	N/A
A. H. Butt	5	N/A	5
S. N. Merali	3	4	N/A
A. R Kassam	5	4	N/A
Mrs. L. W. Waithaka	5	4	N/A
S. O. Mainda	3	N/A	5

Top ten shareholders at 30 September 2015

The ten largest shareholders of the Company as at 30 September 2015 were as follows:

No.	Name of shareholder	No. of shares	% Shareholding
1	Legend Investments Limited	95,417,345	41.84
2	Yana Towers Limited	28,725,240	12.60
3	East African Batteries Limited	22,658,300	9.94
4	Gulamali Ismail	19,201,200	8.42
5	Gidjoy Investments Limited	6,230,800	2.73
6	Karim Jamal	4,587,841	2.01
7	Bid Plantations Limited	2,504,300	1.10
8	Shardaben Vithaldas Morjaria	2,111,780	0.93
9	Joseph Schwartzman	1,972,100	0.86
10	The Jubilee Insurance Company of Kenya Limited	1,475,900	0.65

CORPORATE GOVERNANCE (Continued)

Distribution of shareholders

Shareholding (No. of Shares)	No. of shares held	No. of Shareholders	% Shareholding
Less than 500	783,515	3,689	0.34
500 - 5,000	4,737,642	2,812	2.08
5,001 - 10,000	2,374,781	327	1.04
10,001 – 100,000	12,529,837	439	5.49
100,001-1,000,000	18,928,299	66	8.30
Above 1,000,000	188,701,426	13	82.74
Total	**228,055,500**	**7,346**	**100**

Dr. J.B. McFie
Chairman

M.K. Changwony
Director

Date: 16 December 2015

CORPORATE SOCIAL INVESTMENT

The Company is increasingly emphasizing Social Corporate Investment (CSI) which we consider to be much more valuable than CSR, because CSI echoes the general emphasis on sustainability, which is foundational to the organization in its day-to-day operations. Sasini is focused at building a strategy that delivers enduring and lasting difference in the lives of beneficiaries.

The Company continues to be proactive on environmental conservation and in supporting communities with whom we do business with. The construction of the Zarina and Naushad Merali School in Nyamira County was commissioned.

The annual farmers' day was held and farmers had the opportunity to visit the coffee milling facilities and interact with the managers on plant husbandry and other value added services for improving production volumes and quality of coffee. During this meeting the Company gave out 200,000 seedlings of improved coffee varieties to the farmers and indigenous tree seedlings to neighboring primary schools.

Conservation efforts in streams around both our tea and coffee estates has ensured availability of water in the villages around these estates and a wonderful habitat for birds, dik dik, monkeys and other local wild life.

Ground Breaking for construction of Secondary School

Site for Secondary School construction

CORPORATE SOCIAL INVESTMENT (continued)

Registration of farmers

Coffee farmers at annual event

Coffee farmers at day's event

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the company and consolidated financial statements of Sasini Limited and its subsidiaries set out on pages 29 to 80 which comprise the statements of financial positions of the group and of the company as at 30 September 2015, and the group and company statements of profit or loss and other comprehensive income, the group and company statements of changes in equity and group and company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group operating results.

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

The Directors have made an assessment of the group and the company's ability to continue as a going concern and have no reason to believe the company and its subsidiaries will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 16 December 2015 and were signed on its behalf by:

Dr. J.B. McFie
Chairman

M.K. Changwony
Director

KPMG Kenya
Certified Public Accountants
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SASINI LIMITED AND SUBSIDIARIES

Report on the financial statements

We have audited the consolidated and separate financial statements of Sasini Limited set out on pages 29 to 80 which comprise the statements of financial position of the group and the company as at 30 September 2015, and the group and the company statements of profit or loss and other comprehensive income, group and the company statements of changes in equity and group and the company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 27, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of Sasini Limited at 30 September 2015, and the consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

(i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

(iii) the statement of financial position of the company is in agreement with the books of account.

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

Date: 16 December 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 KShs'000	2014 KShs'000
Revenue	8	2,786,126	2,762,547
Cost of sales	9	(2,052,821)	(2,077,482)
Gross profit		**733,305**	**685,065**
Fair value changes on biological assets	20(a)	18,290	(50,198)
Other income	10	962,791	238,675
Total operating income		**1,714,386**	**873,542**
Administration and establishment expenses	11	(723,728)	(762,819)
Selling and distribution costs	12	(26,134)	(23,392)
Results from operating activities		964,524	87,331
Finance income	13(a)	93,864	2,199
Finance costs	13(b)	(19,166)	(27,737)
Net finance income/(costs)	**13**	**74,698**	(25,538)
Profit before tax	**14**	**1,039,222**	**61,793**
Tax credit/(expense)	15(a)	61,990	(16,372)
Profit for the year		**1,101,212**	**45,421**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation gain net of tax		405,712	5,674,530
Change in deferred tax with change in tax rate		203,699	-
Remeasurement of post-employment benefits		32,734	18,106
Total comprehensive income		**1,743,357**	**5,738,057**
Profit attributable to:			
Owners of the company		974,763	23,657
Non-controlling interest		126,449	21,764
		1,101,212	**45,421**
Total comprehensive income attributable to:			
Owners of the company		1,565,800	5,595,964
Non-controlling interest		177,557	142,093
		1,743,357	**5,738,057**
Profit attributable to the owners of company is made up as follows:			
Profit arising from operating activities		953,650	85,476
Fair value changes on biological assets- net of tax		21,113	(61,819)
		974,763	**23,657**
Earnings per share:			
Basic and diluted (KShs)	16	**4.27**	**0.10**
Dividend per share (KShs)	17	**1.25**	**0.25**

The notes set out on pages 39 to 80 form an integral part of the financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 KShs'000	2014 KShs'000
Revenue	8	934,798	723,432
Cost of sales	9	(699,819)	(477,260)
Gross profit		**234,979**	**246,172**
Fair value changes on biological assets	20(b)	(97,068)	379,100
Other income	10	711,531	230,699
Total operating income		**849,442**	**855,971**
Administration and establishment expenses	11	(348,983)	(388,806)
Results from operating activities		**500,459**	**467,165**
Finance income	13(a)	20,211	1,001
Finance costs	13(b)	(6,986)	(25,443)
Net finance income/(costs)	**13**	**13,225**	**(24,442)**
Profit before tax	**14**	**513,684**	**442,723**
Tax expense	15(a)	**(9,480)**	**(136,542)**
Profit for the year		**504,204**	**306,181**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation gain net of tax		169,229	4,409,658
Remeasurment of post-employment benefits		3,742	1,714
Total comprehensive income		**677,175**	**4,717,553**
Profit is made up as follows:			
Profit arising from operating activities		572,152	40,812
Fair value changes on biological assets- net of tax		(67,948)	265,369
		504,204	**306,181**
Earnings per share:			
Basic and diluted (KShs)	16	**2.21**	**1.34**
Dividend per share (KShs)	17	**1.25**	**0.25**

The notes set out on pages 39 to 80 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

ASSETS	Note	2015 KShs'000	2014 KShs'000
Non-current assets			
Property, plant and equipment	18(a)	8,770,714	8,362,361
Capital work-in-progress	18(c)	33,358	29,678
Intangible assets	19	8,393	8,210
Biological assets	20(a)	5,077,329	5,240,576
Prepaid leases on leasehold land	21	18,473	20,074
Available-for-sale financial asset	22	525	525
Deferred tax asset	30	77,070	23,070
		13,985,862	13,684,494
Current assets			
Inventories	24	341,362	318,063
Trade and other receivables	25	510,106	582,494
Amounts due from related companies	26	1,209	1,198
Tax recoverable	15(b)	5,474	17,463
Cash and cash equivalents	27	1,200,514	325,865
		2,058,665	1,245,083
TOTAL ASSETS		16,044,527	14,929,577
EQUITY AND LIABILITIES			
Capital and reserves (Pages 33 & 34)			
Share capital	28	228,055	228,055
Non-distributable reserves	29	10,739,105	10,223,449
Distributable reserves	29	2,201,242	1,427,709
		13,168,402	11,879,213
Non-controlling interest	29	390,103	241,755
Total equity		13,558,505	12,120,968
Non-current liabilities			
Deferred tax liability	30	1,801,496	2,003,249
Post-employment benefits	31	216,814	270,520
		2,018,310	2,273,769
Current liabilities			
Post-employment benefits	31	28,596	10,373
Amounts due to related parties	26	1,082	681
Trade and other payables	32	429,139	522,368
Tax payable	15(b)	8,895	1,418
		467,712	534,840
TOTAL EQUITY AND LIABILITIES		16,044,527	14,929,577

The financial statements set out on pages 29 to 80 were approved by the Board of Directors on 16 December 2015 and signed on its behalf by:

Dr. J.B. McFie
Chairman

M.K. Changwony
Director

The notes set out on pages 39 to 80 form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

ASSETS	Note	2015 KShs'000	2014 KShs'000
Non-current assets			
Property, plant and equipment	18(b)	6,003,214	5,812,692
Intangible assets	19	5,855	6,330
Biological assets	20(b)	1,842,777	1,942,322
Prepaid leases on leasehold land	21	7,633	7,760
Investment in subsidiary companies	23	172,697	172,697
		8,032,176	7,941,801
Current assets			
Inventories	24	96,595	78,192
Trade and other receivables	25	205,944	292,425
Amounts due from related companies	26	31,429	251,535
Cash and cash equivalents	27	317,023	144,813
		650,991	766,965
TOTAL ASSETS		8,683,167	8,708,766
EQUITY AND LIABILITIES			
Capital and reserves (Pages 35 & 36)			
Share capital	28	228,055	228,055
Non - distributable reserves	29	6,903,329	6,798,306
Distributable reserves	29	686,917	399,834
Total equity		7,818,301	7,426,195
Non-current liabilities			
Deferred tax liability	30	671,781	638,246
Post-employment benefits	31	15,113	21,094
		686,894	659,340
Current liabilities			
Post-employment benefits	31	3,208	-
Amounts due to related companies	26	49,499	357,805
Trade and other payables	32	123,862	264,008
Tax payable	15(b)	1,403	1,418
		177,972	623,231
TOTAL EQUITY AND LIABILITIES		8,683,167	8,708,766

The financial statements set out on pages 29 to 80 were approved by the Board of Directors on 16 December 2015 and signed on its behalf by:

Dr. J.B. McFie
Chairman

M.K. Changwony
Director

The notes set out on pages 39 to 80 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

2015:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
At 1 October 2014	228,055	98,530	7,337,072	2,769,893	17,954	1,370,695	57,014	11,879,213	241,755	12,120,968
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	974,763	-	974,763	126,449	1,101,212
Other comprehensive income										
Fair value gain on biological assets	-	-	-	21,113	-	(21,113)	-	-	-	-
Revaluation surplus gain	-	-	565,538	-	-	-	-	565,538	14,051	579,589
Deferred tax on revaluation	-	-	(169,662)	-	-	-	-	(169,662)	(4,215)	(173,877)
Remeasurement of post employment benefits net of tax	-	-	-	-	32,566	-	-	32,566	168	32,734
Transfer on disposals of property and Equipment	-	-	(10,469)	(94,483)	-	104,952	-	-	-	-
Change in deferred tax rate on revaluation	-	-	162,595	-	-	-	-	162,595	41,104	203,699
Deferred tax on items disposed	-	-	2,900	5,558	-	-	-	8,458	791	9,249
Total comprehensive income for the year	-	-	**550,902**	**(67,812)**	**32,566**	**1,058,602**	-	**1,574,258**	**178,348**	**1,752,606**
Transactions with owners of the company recorded directly in equity										
Final 2014 dividend paid	-	-	-	-	-	-	(57,014)	(57,014)	-	(57,104)
Interim 2015 dividend paid	-	-	-	-	-	(228,055)	-	(228,055)	(30,000)	(258,055)
Proposed final 2015 dividend	-	-	-	-	-	(57,014)	57,014	-	-	-
Total distribution to owners of the company	-	-	-	-	-	(285,069)	-	(285,069)	(30,000)	(315,069)
At 30 September 2015	**228,055**	**98,530**	**7,887,974**	**2,702,081**	**50,520**	**2,144,228**	**57,014**	**13,168,402**	**390,103**	**13,558,505**

The notes set out on pages 39 to 80 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015 (continued)

2014:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total attributable to owners KShs'000	Non controlling interest KShs'000	Total equity KShs'000
At 1 October 2013	228,055	98,530	1,815,574	2,831,712	-	1,309,162	-	6,283,033	99,878	6,382,911
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	23,657	-	23,657	21,764	45,421
Other comprehensive income										
Fair value gain on biological assets	-	-	-	(61,819)	-	61,819	-	-	-	-
Revaluation surplus	-	-	5,955,468	-	-	-	-	5,955,468	171,682	6,127,150
Deferred tax on revaluation	-	-	(401,115)	-	-	-	-	(401,115)	(51,505)	(452,620)
Remeasurement of post employment										
benefits net of tax	-	-	-	-	17,954	-	-	17,954	152	18,106
Excess depreciation on revaluation	-	-	(46,936)	-	-	46,936	-	-	-	-
Deferred tax on revaluation	-	-	14,081	-	-	(14,081)	-	-	-	-
Total comprehensive income for the year	-	-	**5,521,498**	**(61,819)**	**17,954**	**118,331**	-	**5,595,964**	**142,093**	**5,738,057**
Transactions with owners of the company recorded directly in equity										
Proposed final 2014 dividend	-	-	-	-	-	(57,014)	57,014	-	-	-
Reclassifications to non controlling interest	-	-	-	-	-	216	-	216	(216)	-
Total distribution to owners of the company	-	-	-	-	-	**(56,798)**	**57,014**	**216**	**(216)**	-
At 30 September 2014	**228,055**	**98,530**	**7,337,072**	**2,769,893**	**17,954**	**1,370,695**	**57,014**	**11,879,213**	**241,755**	**12,120,968**

The notes set out on pages 39 to 80 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

2015:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
At 1 October 2014	228,055	40,594	5,508,889	1,247,109	1,714	342,820	57,014	7,426,195
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	504,204	-	504,204
Other comprehensive income								
Appropriation of fair value on biological assets net of tax	-	-	-	(67,948)	-	67,948	-	-
Revaluation surplus	-	-	241,756	-	-	-	-	241,756
Deferred tax on revaluation	-	-	(72,527)	-	-	-	-	(72,527)
Remeasurement of post employmenmt benefits	-	-	-	-	5,346 -		-	5,346
Deferred tax on remeasurement of post employmenmt benefits	-	-	-	-	(1,604)	-	-	(1,604)
Total comprehensive income for the year	-	-	169,229	(67,948)	3,742	572,152	-	677,175
Transactions with owners of the company recorded directly in equity								
Final 2014 dividend paid	-	-	-	-	-	-	(57,014)	(57,014)
Interim 2015 dividend paid	-	-	-	-	-	(228,055)	-	(228,055)
Proposed final 2015 dividend	-	-	-	-	-	(57,014)	(57,014)	-
Total distribution to owners of equity	-	-	-	-	-	(285,069)	-	(285,069)
At 30 September 2015	228,055	40,594	5,678,118	1,179,161	5,456	629,903	57,014	7,818,301

The notes set out on pages 39 to 80 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015 (continued)

2014:	Share capital KShs'000	Capital reserve KShs'000	Revaluation reserve KShs'000	Biological assets fair value reserve KShs'000	Defined benefit reserve KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total equity KShs'000
At 1 October 2013	228,055	40,594	1,109,899	981,741	-	348,353	-	2,708,642
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	306,181	-	306,181
Other comprehensive income	-	-	-	-	-	-	-	-
Appropriation of fair value on biological assets net of tax	-	-	-	265,368	-	(265,368)	-	-
Revaluation surplus	-	-	4,423,047	-	-	-	-	4,423,047
Deferred tax on revaluation	-	-	(13,389)	-	-	-	-	(13,389)
Remeasurement of post employmenmt benefits	-	-	-	-	2,449	-	-	2,449
Deferred tax on remeasurement of post employmenmt benefits	-	-	-	-	(735)	-	-	(735)
Excess depreciation on revaluation	-	-	(15,240)	-	-	15,240	-	-
Deferred tax on revaluation	-	-	4,572	-	-	(4,572)	-	-
Total comprehensive income for the year	-	-	4,398,990	265,368	1,714	51,481	-	4,717,553
Transactions with owners of the company recorded directly in equity								
Proposed final 2014 dividend	-	-	-	-	-	(57,014)	57,014	-
At 30 September 2014	228,055	40,594	5,508,889	1,247,109	1,714	342,820	57,014	7,426,195

The notes set out on pages 39 to 80 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 KShs'000	2014 KShs'000
Cash flows from operating activities			
Cash flows generated from operations	33	281,367	324,180
Income taxes paid	15(b)	(153,225)	(9,022)
Net cash from operating activities		**128,142**	**315,158**
Cash flows from investing activities			
Purchase of property and equipment	18	(21,795)	(26,515)
Purchase of intangible assets	19	(3,434)	(8,175)
Purchase of capital work-in-progress	18(c)	(13,249)	(29,982)
Proceeds from sale of non-current assets		1,061,282	905
Interest income	13	44,222	1,621
Net cash from/(used in) investing activities		**1,067,026**	**(62,146)**
Cash flows from financing activities			
Interest expense	13	(6,986)	(12,984)
Loan repayment		-	(175,491)
Dividends paid on ordinary shares		(315,069)	-
Net cash used in financing activities		**(322,055)**	**(188,475)**
Net increase in cash and cash equivalents		873,113	64,537
Cash and cash equivalents at the beginning of the year		325,865	275,364
Unrealised foreign exchange gain/ (loss)	13	1,536	(14,036)
Cash and cash equivalents at the end of the year	27	**1,200,514**	**325,865**

The notes set out on pages 39 to 80 form an integral part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 KShs'000	2014 KShs'000
Cash flows from operating activities			
Cash flows generated from operations	33	472,554	169,537
Income taxes paid	15(b)	(50,091)	(5,387)
Net cash from operating activities		**422,463**	**164,150**
Cash flows from investing activities			
Purchase of property and equipment	18	(14,145)	(17,685)
Purchase of intangible assets	19	(2,039)	(6,458)
Proceeds from sale of non-current assets		57,640	905
Interest income	13	16	423
Net cash from/(used in) investing activities		**41,472**	**(22,815)**
Cash flows from financing activities			
Interest expense	13	(6,986)	(12,933)
Loan repayment		-	(175,491)
Dividends paid on ordinary shares		(285,069)	-
Net cash used in financing activities		**(292,055)**	**(188,424)**
Net increase/(decrease) in cash and cash equivalents		171,880	(47,089)
Cash and cash equivalents at the beginning of the year		144,813	203,695
Unrealised foreign exchange gain/(loss)	13	330	(11,793)
Cash and cash equivalents at the end of the year	27	**317,023**	**144,813**

The notes set out on pages 39 to 80 form an integral part of the financial statements.

1. REPORTING ENTITY

Sasini Limited (the "Company") is a company incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

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

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

Sasini House
Loita Street
PO Box 30151 - 00100
Nairobi

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

The consolidated financial statements were authorised for issue by the Board of Directors on 16 December 2015.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Kenya Companies Act.

(b) Basis of measurement

The financial statements are prepared under the historical cost basis of accounting except for biological assets and financial instruments that have been measured at fair value and certain items property, plant and equipment that have been carried at revaluation amounts. The accounting policies adopted are consistent with those of the previous years.

(c) Functional and presentation currency

The financial statements are presented in Kenya shillings (KShs), which is the Group's functional currency. Except as otherwise indicated, financial information presented in Kenya shillings has been rounded to the nearest thousand (KShs'000).

(d) Going concern

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

(e) Use of estimates and judgments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2015. The subsidiaries are shown in Note 23.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained. Subsequently, it is accounted as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained; and
- Recognises any surplus or deficit in profit or loss.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Monetary assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rate of exchange ruling at the reporting date. Transactions during the year in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(c) Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of goods are recognised when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and when there is no continuing management involvement and the amount of revenue can be measured reliably.

(ii) Sales of services are recognised in the period in which the services are rendered by reference to the completion of specific transactions assessed on the basis of actual service provided as a proportion of total services to be provided. Sales revenue can only be recognised when the associated costs can be estimated reliably and the amount of revenue can be estimated reliably.

(d) Taxation

Tax expense comprises current tax and movement in deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Taxation (continued)

i) Current taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

• Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

• In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(e) Investments in subsidiary companies

The investments in subsidiary companies are accounted for at cost in the Company's statement of financial position less any provisions for impairment losses. Where in the opinion of the directors, there has been an impairment of value of an investment; the loss is recognised as an expense in the period in which the impairment is identified.

(f) Financial instruments

(i) Measurement and recognition

Financial instruments are recognised in the Group and Company financial statements when, and only when, the Group and Company become party to the contractual provisions of the instrument,

(ii) Classification

The Group classifies its financial assets into loans and receivables and available for sale assets. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short-term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables, cash and bank balances and balances due from group companies.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments in subsidiary companies (continued)

(ii) Classification (continued)

These are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale assets

Available-for-sale assets are the non-derivative financial assets that are designated as available for sale or are not classified as held for trading purposes, loans and receivables or held to maturity.

(iii) De-recognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished, cancelled or expires.

(iv) Offsetting of financial assets and liabilities

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

(v) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicate that one or more events have had a negative effect on the estimated future cash flows of that asset.

In assessing impairment, the Group considers impairment at both individual and collective level. All individually significant assets are individually assessed for impairment. Assets that are not individually impaired are assessed collectively. Collective assessment is carried out by grouping together assets with similar credit characteristics. Impairment loss is calculated as the difference between the assets carrying amount and present value of estimated future cash flows discounted at original effective interest rate.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than defined benefits asset, deferred tax, biological assets and inventories, are reviewed at each financial reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that largely are independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Property, plant & equipment and depreciation

Property, plant and equipment are measured at cost or revalued amounts less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Property, plant & equipment and depreciation* (continued)

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

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

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

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

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

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

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

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

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

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

(i) *Intangible assets*

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

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

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

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

(j) *Biological assets*

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Biological assets* (continued)

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

(k) *Share capital*

Ordinary shares are classified as equity. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

(l) *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

(i) *Group as a lessee*

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

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

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

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

(ii) *Group as a lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(m) *Work-in-progress*

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

(n) Inventories

Tea and coffee inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads, where appropriate, that have been incurred in bringing the stocks to their present location and condition. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for costs of realisation.

Consumable stores are stated at the weighted average cost less provisions for obsolescence, slow moving and defective stocks.

Agricultural produce is measured at fair value less cost to sell at the point of harvest. Any changes arising on initial recognition of agricultural produce at fair value less cost to sell are recognised in profit or loss. The cost of finished goods and work in progress comprise the fair value less cost to sell of agricultural produce at the point of harvest, raw materials, direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefit

The Group operates a defined contribution retirement benefits scheme for its non-unionised employees. For the unionised employees, the Group operates a gratuity scheme.

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan which an entity pays fixed contribution into a separate entity and has no legal or constructive obligation to pay further amounts. The expense is recognised in profit or loss.

Contributions from the Group, at a rate of 12.5% of the basic salary of each employee, are expensed in the year the services are rendered and paid over to a separate trustee administered fund.

The Group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are limited to KShs 200 per employee per month. The Group's contributions to the above schemes are charged to profit or loss in the year to which they relate.

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

(ii) Gratuity

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

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

(iii) Accrued annual leave

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

(iv) Short term employee benefits

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

(p) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of discount is recognised as finance cost.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(r) Earnings per share

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(t) Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity.

(u) Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and Group or related companies. The related party transactions are at arms length.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(w) Comparatives

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

(x) New standards and interpretations not yet adopted

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group. The directors are in the process of assessing the impact of these standards on the Group and parent entity's financial statements.

New standard or amendments	Effective for annual periods beginning on or after
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
• Agriculture Bearer Plants (Amendments to IAS16 and IAS 41)	1 January 2016
• Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation	1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
• Disclosure Initiative (Amendments to IAS 1)	1 January 2016
• IFRS 15 Revenue from Contracts with Customers	1 January 2018
• IFRS 9 Financial Instruments (2014)	1 January 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New standards and interpretations not yet adopted (continued)

(i) New standards and interpretations not yet effective for the period ended 30 September 2015

Apart from the standards noted below, the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

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

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

The amendments will be effective from annual periods commencing on or after 1 January 2016.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

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

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Currently the application of this amendment will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

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

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41.

The application of these amendments will have a material impact on the disclosures and on the amounts recognised in the Group's financial statements. The directors have not quantified the impact as at 30 September 2015.

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

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

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

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

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New standards and interpretations not yet adopted (continued)

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

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with early adoption permitted.

The application of this amendment will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

IFRS 14 Regulatory Deferral Accounts

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

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

The application of this standard will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

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

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements.

The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

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

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted. The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

IFRS 9: Financial Instruments (2010)

It replaces parts of IAS 39 - Financial Instruments, Recognition and Measurement that relates to classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified, at initial recognition as either measured at fair value or at amortised cost. The classification depends on the entity's business model for managing its financial instruments and the characteristics of the contractual cash flows of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in cases where the fair value option is applied for financial liabilities, the part of a fair value change arising from a change in an entity's own credit risk is recorded in other comprehensive income rather than in the profit or loss, unless this creates an accounting mismatch.

The Group is currently evaluating the impact of the new standard on the financial statements.

The standard is effective for periods beginning on or after 1 January 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New standards and interpretations not yet adopted (continued)

IFRS 15 Revenue from Contracts with Customers (Effective 31 December 2017)

The IFRS specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

The Group is currently evaluating the impact of the new standard on the financial statements.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1.

4. USE OF ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

In the process of applying the Group's accounting policies, directors make certain estimates and assumptions about future events. In practice, the estimated and assumed results would differ from the actual results. Such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) Biological assets

In determining the fair value of biological assets, the Group uses the present value of expected future cash flows from the assets discounted at the current market determined pre tax rate. The objective of calculating the present value of expected cash flows is to determine the fair value of biological assets in their present location and condition. The Group considers this in determining an appropriate discount rate to be used and in estimating net cash flows. Management uses historical data relating to production and market prices of tea, coffee, livestock and trees. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed to reduce any differences between estimates and actual experience. The significant assumptions are set out in Note 20 to the financial statements.

(ii) Property, plant and equipment

Directors make estimates in determining the depreciation rates for property, plant and equipment. The rates used are set out in the accounting policy for property, plant and equipment.

These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

The Group measures its property, plant and equipment at revalued amounts with changes in revaluation values being recognised in other comprehensive income. The Group engages independent valuers to determine fair values of property, plant and equipment. The valuation is based on the prevailing market prices which are sensitive to economic conditions. The details of property, plant and equipment and the assumptions applied are disclosed in Note 3(g) and Note 18.

(iii) Income taxes and deferred tax

Significant judgement is required in determining the Group's provision for deferred and income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the year in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New standards and interpretations not yet adopted (continued)

(iv) Post employment benefit obligation

The cost of the unfunded service gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on scheme assets and future salary increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Details of post employment benefits and the assumptions applied are disclosed in Note 3(o) and Note 31.

(v) Allowance for impairment for accounts receivable

The Group reviews its accounts receivables portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable. In estimating the receivable amounts the Group make judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Details of the allowance for impairment are disclosed in Note 5(b) and Note 25.

(b) Critical accounting judgements

In the process of applying the Group's accounting policies, directors make certain judgements that are continuously assessed based on prior experience and other determinants including expectations of future events that, under the circumstances are deemed to be reasonable as described below:

(i) Allowance for obsolete inventories

Directors review the inventories on an annual basis to assess the likelihood of obsolescence. In determining whether an inventory item is obsolete, directors make judgement as to whether the inventory item can be used as an input in production or is in saleable condition.

(ii) Going concern

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, investments, receivables, bank loans and payables. These instruments arise directly from its operations. The Group does not speculate or trade in derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and manages financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non derivative financial instruments and investment of excess liquidity.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimising on the return on the risk.

(i) Interest rate risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates.

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long and short term obligations with floating interest rates.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rate risks. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group exposure to interest rate risk is with regards to fluctuation in interest rates in the market which affects the returns on the investments held by the Group.

The interest rate profile of the group's interest bearing financial instruments as at 30 September 2015 and 2014 together with the interest rates on that date was as follows:

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

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Interest income	44,222	1,621	16	423
Interest expense	(6,986)	(12,984)	(6,986)	(12,933)
Net interest expense	**37,236**	**(11,363)**	**(6,970)**	**(12,510)**

The following table demonstrates the effect on the group and company's statement of comprehensive income of applying a sensitivity of 10% to the interest rate prevalent during the year, with all other variables held constant.

		Group		Company	
	Change in currency rate	Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on equity KShs' 000
2015	10.00%	(3,724)	(2,607)	(697)	(488)
	-10.00%	3,724	2,607	697	488
2014	10.00%	(1,136)	(795)	(1,251)	(876)
	-10.00%	1,136	795	1,251	876

a) Market risk (continued)

(ii) Currency risk

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

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

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Sterling Pound.

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

	2015 KShs	2014 KShs
USD	105.29	89.28
GBP	159.57	141.15

The Group operates in Kenya and its assets and liabilities are carried in the local currency. The Group's exposure to foreign currency risk was as follows:

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

Group:

2015:	**USD**	**GBP**	**Total**
Assets			
Trade and other receivables	131,034	-	131,034
Cash and cash equivalents	118,390	794	119,184
At 30 September	**249,424**	**794**	**250,218**
Liabilities			
Trade and other payables	16,900	-	16,900
At 30 September	**16,900**	**-**	**16,900**
Net balance sheet position	**232,524**	**794**	**233,318**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(ii) Currency risk - continued

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

Group:

2014:	USD	GBP	Total
Assets			
Trade and other receivables	198,410	-	198,410
Cash and cash equivalents	211,038	515	211,553
At 30 September	**409,448**	**515**	**409,963**
Liabilities			
Trade and other payables	19,790	-	19,790
At 30 September	**19,790**	**-**	**19,790**
Net balance sheet position	**389,658**	**515**	**390,173**

Company:

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

Assets

	2015 USD	2014 USD
Trade and other receivables	51,199	121,889
Cash and cash equivalents	78,484	100,335
At 30 September	**129,683**	**222,224**
Liabilities		
Trade and other payables	14,300	17,043
At 30 September	**14,300**	**17,043**
Net balance sheet position	**115,383**	**205,181**

The following table demonstrates the effect on the group and company's statement of comprehensive income of applying a sensitivity for a reasonable possible change in the exchange rate of the main transaction currencies, with all other variables held constant.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(ii) Currency risk - continued

		Group		Company	
	Change in currency rate	Effect on profit before tax KShs' 000	Effect on equity KShs' 000	Effect on profit before tax KShs' 000	Effect on equity KShs' 000
USD 2015	10.00%	23,255	16,279	11,538	8,077
	-10.00%	(23,255)	(16,279)	(11,538)	(8,077)
2014	10.00%	38,966	27,276	20,518	14,362
	-10.00%	(38,966)	(27,276)	(20,518)	(14,362)
GBP 2015	10.00%	79	55	-	-
	-10.00%	(79)	(55)	-	-
2014	10.00%	52	36	-	-
	-10.00%	(52)	(36)	-	-

(iii) Price risk

Price risk arises from the fluctuation in the prices of the commodities that the Group deals in. Sale and purchase prices are determined by the market forces and other factors that are not within the control of the Group. The Group does not anticipate that tea and coffee prices will decline significantly in the foreseeable future and therefore has not entered into derivative or other contracts to manage the risk of a decline in the prices. The Group reviews its outlook for tea and coffee prices regularly in considering the need for active financial risk management.

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

	2014 KShs	2015 KShs
Coffee	435	417
Tea	179	158

The following table demonstrates the effect on the group and company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the coffee and tea prices, with all other variables held constant.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(iii) Price risk - continued

	Change in price	Group: Effect on profit before tax KShs' 000	Group: Effect on equity KShs' 000	Company: Effect on profit before tax KShs' 000	Company: Effect on equity KShs' 000
Coffee	10.00%	108,407	75,885	72,414	50,690
2015	-10.00%	(108,407)	(75,885)	(72,414)	(50,690)
2014	10.00%	65,101	45,571	54,699	38,289
	-10.00%	(65,101)	(45,571)	(54,699)	(38,289)
Tea	10.00%	159,830	111,881	-	-
2015	-10.00%	(159,830)	(111,881)	-	-
2014	-10.00%	180,701	126,491	-	-
	10.00%	(180,701)	(126,491)	-	-

(b) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentrations of credit exposure within the group arises from deposits held with various service providers, term deposits and cash and cash equivalents held with banks. The group only places significant amounts of funds with recognised financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

A significant proportion of the group's trading is through established auctions for coffee and tea and a small proportion via direct export contracts with known parties. The receivables are collected within a period of less than one month.

The Group's exposure to credit risk is summarised in the table below:

	Group 2015 KShs'000	Group 2014 KShs'000	Company 2015 KShs'000	Company 2014 KShs'000
Available-for-sale financial asset	525	525	-	-
Trade receivables-Net	166,254	225,284	83,619	150,784
Amounts due from related companies	1,209	1,198	31,429	251,535
Cash and cash equivalents	1,200,514	325,865	317,023	144,813
	1,368,502	**552,872**	**432,071**	**547,132**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015 (continued)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

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

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

Group:

2015:	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Total KShs'000
Trade and other payables	251,844	84,590	99,479	429,139
Due to related parties	-	-	1,082	1,082
	251,844	**84,590**	**100,561**	**430,221**
2014:				
Trade and other payables	308,154	103,503	110,711	522,368
Due to related companies	-	681	-	681
	308,154	**104,184**	**110,711**	**523,049**

Company:

2015:	0-1 month KShs'000	2-3 months KShs'000	4-12 months KShs '000	Total KShs'000
Trade and other payables	69,912	45,352	8,598	123,862
Due to related companies	-	-	49,499	49,499
	69,912	**45,352**	**58,097**	**173,361**
2014:				
Trade and other payables	140,716	101,100	22,192	264,008
Due to related companies	-	-	357,805	357,805
	140,716	**101,100**	**379,997**	**621,813**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group operations.

The Group objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirement for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

(e) Agricultural risk

Agricultural risk is the risk of direct or indirect loss arising from adverse agricultural conditions such as disease outbreaks, floods, droughts and other adverse weather events caused by climatic changes.

The Group's risk management process with respect to agricultural risk focuses on anticipating, avoiding and/or reacting to shocks attributable to adverse agricultural conditions. The Group's objective is to achieve an efficient risk management system for agriculture that preserves the value of agricultural outputs, strengthens the viability of farm businesses, and ensures an environment which supports and sustains continued investment in the farming sector.

The Group has adopted the following strategies to mitigate agricultural risk:

- Agricultural diversification of products and processes
- Adoption of sound agricultural practices such as cross-breeding to attain disease and weather resistant breed

(f) Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with capital requirements and maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Group's approach to capital management as regards the objectives, policies or processes during the year.

6. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs

6. DETERMINATION OF FAIR VALUES (continued)

used in determining the measurements. It should be noted that these disclosure only cover instruments measured at fair value.

Level 1

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in level 2 category are financial assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3

Financial assets and liabilities measured using inputs that are not based on observable market data are categorised as level 3. Non market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments and limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total fair value KShs'000
2015:				
Financial assets designated at fair value through profit and loss				
Investment in unquoted shares	-	-	525	525
2014:				
Financial assets designated at fair value through profit and loss				
Investment in unquoted shares	-	-	525	525

There were no financial instruments carried at fair value at the company level.

6. DETERMINATION OF FAIR VALUES (continued)

The following table shows an analysis of non-financial assets held at fair value as at 30 September 2015 and 2014:

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Non-financial assets				
Property, plant and equipment	8,770,714	8,362,361	6,003,214	5,812,692
Biological assets	5,077,329	5,240,576	1,842,777	1,942,322
Total assets	**13,848,043**	**13,602,937**	**7,845,991**	**7,755,014**

On 30 September 2015, Knight Frank Valuers Limited, professionally valued the Group's machinery, equipment and furniture while building and freehold land were valued on 30 September 2014. The valuation was on an open market value basis. The Valuers used the Direct Capital Comparison method of valuation for valuation of land. The assumption which is that the value of the appraised property is equal to the value of a known comparable property, with due allowance being given for differences factors between the appraised property and the compared property such as the condition, location, level and amount of services provided, accessibility, plot size, planning and zoning regulations, transacting parties, motive of sale and tenure and the unexpired term. Fully developed properties; for example depots have been valued on the basis of sales of similar developed properties in the particular locations with due regard to their rental income potential. Buildings or any other fixture or improvement on land whose revenue contribution cannot be assessed easily or where the structures are dilapidated, have been valued on depreciated replacement cost basis.

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

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

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

7. SEGMENT INFORMATION

Segment information is as presented below:

30 September 2015:	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Revenue				
Sales to external customers	1,598,303	1,084,069	103,754	2,786,126
Other income	17,328	943,519	1,944	962,791
	1,615,631	**2,027,588**	**105,698**	**3,748,917**
Results				
Operating results on operating activities	111,645	990,853	(156,264)	946,234
Operating results on biological assets	194,504	(176,214)	-	18,290
Operating results before tax	**306,149**	**814,639**	**(156,264)**	**964,524**
Assets and liabilities				
Segment assets	4,861,569	11,349,850	(166,892)	16,044,527
Segment liabilities	1,444,368	1,048,281	(6,627)	2,486,022
Other segment information				
Capital expenditure - tangible fixed assets	3,680	14,145	13,598	31,423
Depreciation and amortisation of Leasehold land and intangible assets	84,896	69,426	9,036	163,358
Average number of employees	2,781	1,118	213	4,112

7. SEGMENT INFORMATION (continued)

30 September 2014:	Tea KShs '000	Coffee KShs '000	Others KShs '000	Consolidated KShs '000
Revenue				
Sales to external customers	1,807,007	651,007	304,533	2,762,547
Other income	62,520	174,211	1,944	238,675
	1,869,527	**825,218**	**306,477**	**3,001,222**
Results				
Operating results on operating activities	100,677	37,807	(955)	137,529
Operating results on biological assets	(683,388)	633,190	-	(50,198)
Operating results before tax	**(582,711)**	**670,997**	**(955)**	**87,331**
Assets and liabilities				
Segment assets	3,392,906	10,539,667	997,004	14,929,577
Segment liabilities	1,344,598	1,449,137	14,874	2,808,609
Other segment information				
Capital expenditure - tangible fixed assets	37,885	24,770	4,098	66,753
Depreciation and amortisation of Leasehold land and intangible assets	92,074	83,447	11,192	186,713
Average number of employees	3,561	1,856	171	5,588

Geographical information

The Group's operations are located in Bomet, Nyeri, Mombasa, Kiambu and Nairobi counties in Kenya.

The Group's tea, rental and leasing operations are located in Bomet and Mombasa counties. Coffee and dairy operations are located in Nyeri and Kiambu counties. The head office is located in Nairobi County.

Segment information

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

Segment revenue is the revenue that is directly attributable to a segment plus the relevant portion of the Group's revenue that can be allocated to the segment on a reasonable basis. Segment revenue excludes finance income.

Segment expenses are expenses resulting from the operating activities of a segment plus the relevant portion of an expense that can be allocated to the segment on a reasonable basis. Segment expenses exclude finance costs and income taxes.

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

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

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

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

Tea	-	Growing and processing of tea
Coffee	-	Growing and processing of coffee
Others	-	Dairy operations, commercial milling and marketing of coffee, value additions of related products, renting of growing land and the leasing of plant and machinery

8. REVENUE

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Tea	1,598,303	1,807,007	-	-
Coffee	809,871	651,007	724,143	546,985
Livestock	38,473	34,277	643	241
Dairy produce	8,942	6,594	2,597	3,218
Retail and coffee lounge	208,025	175,309	108,422	76,194
Coffee mill	69,192	64,807	69,192	66,020
Rent receivable	22,637	5,403	10,620	9,841
Marketing commission	19,181	12,399	19,181	20,933
Others	11,502	5,744	-	-
	2,786,126	**2,762,547**	**934,798**	**723,432**

9. COST OF SALES

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
General charges	248,406	244,991	87,613	83,527
Estates maintenance	488,928	594,321	100,918	103,189
Production expenses	375,011	461,726	57,800	53,170
Green leaf purchases	328,083	405,762	-	-
Coffee house expenses	49,018	34,893	-	-
Coffee purchases and other charges	359,243	159,616	359,243	159,616
Livestock expenses	46,079	53,797	3,076	3,426
Retail trading expenses	77,060	50,786	77,060	50,786
Coffee mill expenses	28,800	44,007	28,800	44,007
Transport and insurance	33,998	47,032	-	-
Inventory adjustments	17,898	(24,397)	(14,691)	(20,461)
Disposable plates and cutlery	297	4,948	-	-
	2,052,821	**2,077,482**	**699,819**	**477,260**

10. OTHER INCOME

Net gain on disposal of property, plant and equipment	830,700	796	32,364	796
Management fees	-	(23)	52,789	58,092
Dividend received	-	-	494,500	-
Other income	132,091	237,902	131,878	171,811
	962,791	**238,675**	**711,531**	**230,699**

11. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	Group		Company	
(a) Administration and Establishment expenses	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Staff costs (Note 11(b))	219,197	175,829	99,266	79,303
Insurance and medical costs	34,939	20,338	3,683	4,248
Depreciation of property, plant and equipment	159,901	174,820	47,532	58,188
Amortisation of intangible assets	3,251	11,651	2,514	3,693
Amortisation of leasehold land	206	242	127	126
Auditors' remuneration	8,234	7,734	4,152	3,782
Directors' emoluments	17,933	17,252	17,933	17,252
Legal and professional fees	16,529	7,894	8,982	1,890
Secretarial costs	3,324	3,000	324	-
Travelling and accommodation	4,854	4,446	3,178	3,076
Coffee house overheads	30,974	34,125	-	-
Office expenses	85,134	65,791	42,067	63,698
Administration costs	130,066	229,020	116,719	151,426
Bank charges	4,438	3,619	2,506	2,124
Other expenses	4,748	7,058	-	-
	723,728	**762,819**	**348,983**	**388,806**
(b) Staff costs				
Salaries and wages	202,325	160,257	90,158	72,083
Staff leave accruals	(216)	(448)	(574)	(1,319)
Pension costs	17,088	16,020	9,682	8,539
	219,197	**175,829**	**99,266**	**79,303**

12. SELLING AND DISTRIBUTION EXPENSES

Warehousing and storage charges	**26,134**	**23,392**	**-**	**-**

13. NET FINANCE INCOME/(COSTS)

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
(a) Finance income				
Interest income	44,222	1,621	16	423
Realised foreign exchange	48,072	-	19,865	-
Unrealised foreign exchange gain	1,570	578	330	578
	93,864	2,199	20,211	1,001
(b) Finance cost				
Interest expense	(6,986)	(12,984)	(6,986)	(12,933)
Realised foreign exchange loss	(12,146)	(139)	-	(139)
Unrealised foreign exchange loss	(34)	(14,614)	-	(12,371)
	(19,166)	(27,737)	(6,986)	(25,443)
Net finance income/(costs)	**74,698**	**(25,538)**	**13,225**	**(24,442)**

14. PROFIT BEFORE TAXATION

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
The profit before taxation is arrived at after charging/(crediting):				
Depreciation	159,901	174,820	47,532	58,188
Amortisation of intangible assets	3,251	11,651	2,514	3,693
Amortisation of leasehold land	206	242	127	126
Directors' emoluments:				
- Fees	3,600	3,600	3,600	3,600
- Other remuneration	14,333	13,652	14,333	13,652
Pension costs	17,088	16,020	9,682	8,539
Auditors' remuneration	8,234	7,734	4,152	3,782
Interest expense	6,986	12,984	6,986	12,933
Unrealised exchange losses	34	14,614	-	12,371
Realised foreign exchange losses	12,146	139	-	139
Interest income	44,222	(1,621)	16	(423)
Unrealised foreign exchange gain	(1,570)	(578)	(330)	(578)
Realised foreign exchange gain	(48,072)	-	(19,865)	-
Net gain on disposal of assets	**(830,700)**	**(796)**	**(32,364)**	**(796)**

15. TAX (CREDIT)/EXPENSE

	Group		Company	
(a) Statement of comprehensive income	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Current tax expense				
Income tax on the taxable				
Profit for the year at 30%	171,440	122,968	48,825	55,678
Prior year underprovision	1,251	-	1,251	-
Total current tax	172,691	122,968	50,076	55,678
Deferred tax credit				
Deferred tax credit arising from operating activities	(185,707)	(79,670)	(10,732)	(20,999)
Deferred tax credit on biological assets fair value	(48,974)	(15,060)	(29,864)	113,729
Prior year under provision	-	(11,866)	-	(11,866)
Total deferred tax credit	(234,681)	(106,596)	(40,596)	80,864
Taxation (credit)/expense for the year	**(61,990)**	**16,372**	**9,480**	**136,542**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015 (continued)

15. TAX (CREDIT)/EXPENSE (continued)

(a) Statement of comprehensive income (continued)

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Reconciliation of tax (credit)/expense:				
Accounting profit before taxation	**1,039,222**	**61,793**	**513,684**	**442,723**
Tax applicable rate at 30%	311,767	18,538	154,105	132,817
Tax effects of items not allowed for tax or tax exempt	(178,548)	(4,381)	(138,001)	11,019
Excess depreciation on revaluation	-	14,081	-	4,572
Effect of income taxed at 5% (25% variance)	(196,460)	-	(7,875)	-
Prior year under provision:				
- Deferred tax	-	(11,866)	-	(11,866)
Prior year under provision:				
- Current tax	1,251	-	1,251	-
	(61,990)	**16,372**	**9,480**	**136,542**

(b) Statement of financial position

Balance brought forward	(16,045)	(129,991)	1,418	(48,873)
Charge for the year	172,691	122,968	50,076	55,678
Paid during the year	(153,225)	(9,022)	(50,091)	(5,387)
Balance carried forward	**3,421**	**(16,045)**	**1,403**	**1,418**
Presented as:				
Tax recoverable	(5,474)	(17,463)	-	-
Tax payable	8,895	1,418	1,403	1,418
	3,421	**(16,045)**	**1,403**	**1,418**

(c) Dividend tax account

The Group and the Company have credit balances on the dividend tax accounts of KShs 875,095,407 (2014 - KShs 895,342,411) and KShs 686,051,286 (2014 - KShs 547,298,273), respectively, which include tax payments to 30 September 2015.

16. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit or loss for the year attributable to ordinary equity holders of the parent by the 228,055,500 (2014 - 228,055,500) ordinary shares outstanding during the year. Basic and diluted earnings per share are the same.

	Group		Company	
	2015 KShs	2014 KShs	2015 KShs	2014 KShs
Earnings per share on normal operations	4.18	0.37	2.51	0.18
Earnings per share on biological assets	0.09	(0.27)	(0.30)	1.16
Net earnings per share (KShs)	**4.27**	**0.10**	**2.21**	**1.34**

17. DIVIDEND PER SHARE

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting. An Interim dividend of KShs 1.00 (100%) (2014 - Nil) was declared and paid on 15th September 2015. The directors recommended the payment of a final dividend of KShs 0.25 per share (25%) (2014 - KShs 0.25 (25%)).This amounts to total dividend of KShs 1.25 Per share for the year (2014 - KShs 0.25(25%)). Payment of dividends is subject to withholding tax at the rate of 5% for residents, 10% for non-resident shareholders or 0% depending with the percentage shareholding.

	Group		Company	
	2015 KShs	2014 KShs	2015 KShs	2014 KShs
Dividends per share (KShs)	**1.25**	**0.25**	**1.25**	**0.25**

18. PROPERTY, PLANT AND EQUIPMENT

(a) Group

30 September 2015:	**Freehold land KShs'000**	**Buildings and improvements KShs'000**	**Plant, machinery and tools KShs'000**	**Rolling stock and farm implements KShs'000**	**Furniture, computers and equipment KShs'000**	**Total KShs'000 l**
Cost or valuation						
As at October 2014	6,789,000	1,062,437	726,201	194,467	161,207	8,933,312
Equipments written back	-	-	4,951	-	-	4,951
Revaluation	-	(12,056)	14,929	16,300	(33,227)	(14,054)
Additions	-	4,762	5,827	1,637	9,569	21,795
Transfer from work in progress	-	300	7,985	253	1,031	9,569
Disposals	(22,655)	(21,460)	(5,062)	(144)	(749)	(50,070)
As at September 2015	**6,766,345**	**1,033,983**	**754,831**	**212,513**	**137,831**	**8,905,503**
Depreciation						
As at October 2014	-	12,163	302,288	114,988	141,512	570,951
Charge for the year	-	46,518	76,437	16,110	20,836	159,901
Reversal of revaluation	-	(12,163)	(372,802)	(49,877)	(158,801)	(593,643)
Disposal	-	(266)	(2,052)	-	(102)	(2,420)
As at September 2015	-	46,252	3,871	81,221	3,445	134,789
Carrying amount As at September 2015	**6,766,345**	**987,731**	**750,960**	**131,292**	**134,386**	**8,770,714**
30 September 2014:						
Cost or valuation						
As at October 2013	1,045,474	1,082,981	702,721	187,686	154,962	3,173,824
Revaluation	5,743,526	(48,994)	-	-	-	5,694,532
Additions	-	-	11,692	6,781	8,042	26,515
Tranfers from work in progress	-	28,450	11,788	-	-	40,238
Disposals	-	-	-	-	(1,797)	(1,797)
As at 30 September 2014	6,789,000	1,062,437	726,201	194,467	161,207	8,933,312
Depreciation						
As at October 2013	-	383,285	227,542	98,349	121,261	830,437
Charge for the year	-	61,496	74,746	16,639	21,939	174,820
Reversal on revaluation	-	(432,618)	-	-	-	(432,618)
Disposal	-	-	-	-	(1,688)	(1,688)
As at 30 September 2014	-	12,163	302,288	114,988	141,512	570,951
Carrying amount At 30 September 2014	**6,789,000**	**1,050,274**	**423,913**	**79,479**	**19,695**	**8,362,361**

18. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Group (continued)

The Group's building and freehold land was revalued on 30 September 2014 by Knight Frank Valuers Limited, a firm of registered independent valuers, on the market value existing use basis.

The Group's plant, equipment, machinery, furniture and fittings were revalued on 30 September 2015 by Knight Frank Valuers Limited, registered valuers, on the market value existing use basis.

The carrying values of the property, plant and equipment were adjusted to the revaluations and the resultant surplus and deferred tax effect, was recognised in other comprehensive income and accumulated in equity as at that date.

Before the revaluation of property, plant and equipment at year end, assets with a gross value of KShs 101,563,608 (2014 – KShs 171,885,745) were fully depreciated but still in use. The notional depreciation charge on these assets would have been KShs 24,513,160 (2014 – KShs 45,117,518).

There were no idle assets at 30 September 2015 and 2014. There was no property given as security as at 30 September 2015 and 2014.

(b) Company

30 September 2015:	Freehold land KShs'000	Buildings and improvements KShs'000	Plant, machinery and tools KShs'000	Rolling stock and farm implements KShs'000	Furniture, computers and equipment KShs'000	Total KShs'000
Cost or valuation						
As at October 2014	5,260,000	400,653	204,509	80,323	47,779	5,993,264
Equipments written back	-	-	4,951	-	-	4,951
Revaluation	-	-	42,063	13,541	(26,557)	29,047
Additions	-	3,952	5,617	1,540	3,036	14,145
Disposals	(22,655)	-	-	(144)	-	(22,799)
As at 30 September 2015	5,237,345	404,605	257,140	95,260	24,258	6,018,608
Depreciation						
As at October 2014	-	-	92,917	52,070	35,585	180,572
Charge for the year	-	13,349	19,197	10,713	4,273	47,532
Reversal on revaluation	-	-	(111,465)	(62,530)	(38,715)	(212,710)
As at 30 September 2015	-	13,349	649	253	1,143	15,394
Carrying amount At 30 September 2015	**5,237,345**	**391,356**	**256,491**	**95,007**	**23,115**	**6,003,214**

18. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Company (continued)

30 September 2014:	Freehold land KShs'000	Buildings and improvements KShs'000	Plant, machinery and tools KShs'000	Rolling stock and farm implements KShs'000	Furniture, computers and equipment KShs'000	Total KShs'000
Cost or valuation						
As at October 2013	881,582	491,085	195,038	79,401	45,054	1,692,160
Revaluation	4,378,418	(93,202)	-	-	-	4,285,216
Additions	-	2,770	9,471	922	4,522	17,685
Disposals	-	-	-	-	(1,797)	(1,797)
As at 30 September 2014	5,260,000	400,653	204,509	80,323	47,779	5,993,264
Depreciation						
As at October 2013	-	114,927	72,405	48,085	26,486	261,903
Charge for the year	-	22,904	20,512	3,985	10,787	58,188
Reversal on revaluation	-	(137,831)	-	-	-	(137,831)
Disposal	-	-	-	-	(1,688)	(1,688)
As at 30 September 2014	-	-	92,917	52,070	35,585	180,572
Carrying amount At 30 September 2014	**5,260,000**	**400,653**	**111,592**	**28,253**	**12,194**	**5,812,692**

The Group's building and freehold land was revalued on 30 September 2014 by Knight Frank Valuers Limited, a firm of registered independent valuers, on the market value existing use basis.

The Group's plant, equipment, machinery, furniture and fittings were revalued on 30 September 2015 by Knight Frank Valuers Limited, registered valuers, on the market value existing use basis.

The carrying values of the property, plant and equipment were adjusted to the revaluations and the resultant surplus and deferred tax effect, was recognised in other comprehensive income and accumulated in equity as at that date.

Before revaluation of property, plant and equipment at year end, assets with a gross value of KShs 41,133,486 (2014 – KShs 41,147,103) were fully depreciated but still in use. The notional depreciation charge on these assets would have been KShs 9,697,514 (2014 – KShs 10,886,174).

There were no idle assets at 30 September 2015 and 2014.

There was no property given as security as at 30 September 2015 and 2014.

18. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Capital work-in-progress

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	29,678	39,934	-	-
Additions	13,249	29,982	-	-
Transfer to property, plant and equipment	(9,569)	(40,238)	-	-
	33,358	**29,678**	-	-

Capital work-in-progress relates to buildings and leasehold improvements under construction.

19. INTANGIBLE ASSETS

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
At 1 October 2014 and 2013	68,439	60,264	24,614	18,156
Additions	3,434	8,175	2,039	6,458
At 30 September	71,873	68,439	26,653	24,614
Amortisation				
At 1 October 2014 and 2013	60,229	48,578	18,284	14,591
Charge for the year	3,251	11,651	2,514	3,693
At 30 September	63,480	60,229	20,798	18,284
Carrying value at 30 September	**8,393**	**8,210**	**5,855**	**6,330**

Intangible assets relate to software costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015 (continued)

20. BIOLOGICAL ASSETS

(a) Group

	Coffee trees	Tea bushes	Other trees	Livestock	Total
30 September 2015:	KShs'000	KShs'000	KShs '000	KShs'000	KShs'000
Carrying value as at 1 October 2014	**2,548,636**	**2,295,075**	**386,943**	**9,922**	**5,240,576**
Disposal in the year	(179,058)	-	(2,479)	-	(181,537)
Gains due to biological transformation at fair value	22,257	(545,670)	833,913	9,931	320,431
Decreases due to harvest at fair value	(110,598)	(133,906)	(56,237)	(6,979)	(307,720)
Changes in immature trees/bushes	-	-	5,579	-	5,579
	(88,341)	(679,576)	783,255	2,952	18,290
Carrying value as at 30 September 2015	**2,281,237**	**1,615,499**	**1,167,719**	**12,874**	**5,077,329**

The reconciliation of fair value changes is analysed below:

	Coffee trees	Tea bushes	Other trees	Livestock	Total
Carrying value as at 1 October 2014	2,548,636	2,295,075	386,943	9,922	5,240,576
Disposal in the year	(179,058)	-	(2,479)	-	(181,537)
Changes due to price estimate	377,290	(102,146)	-	4,372	279,516
Changes due to yield estimate	(465,631)	(577,430)	777,676	(1,420)	(266,805)
Changes due to immature bushes/ animals	-	-	5,579	-	5,579
Carrying value as at 30 September 2015	**2,281,237**	**1,615,499**	**1,167,719**	**12,874**	**5,077,329**

	Coffee trees	Tea bushes	Other trees	Livestock	Total
30 September 2014:					
Carrying value as at 1 October 2013	**1,875,873**	**2,989,741**	**415,552**	**9,608**	**5,290,774**
Gains due to biological transformation at fair value	1,061,673	(426,052)	24,117	41,135	700,873
Decreases due to harvest at fair value	(390,767)	(268,614)	(55,826)	(40,821)	(756,028)
Changes in immature trees/bushes	1,857	-	3,100	-	4,957
	672,763	(694,666)	(28,609)	314	(50,198)
Carrying value as at 30 September 2014	**2,548,636**	**2,295,075**	**386,943**	**9,922**	**5,240,576**

The reconciliation of fair value changes is analysed below:

	Coffee trees	Tea bushes	Other trees	Livestock	Total
Carrying value as at 1 October 2013	1,875,873	2,989,741	415,552	9,608	5,290,774
Changes due to price estimate	435,643	(777,726)	(22,617)	-	(364,700)
Changes due to yield estimate	235,263	83,060	(9,092)	314	309,545
Changes due to immature bushes/ animals	1,857	-	3,100	-	4,957
Carrying value as at 30 September 2014	**2,548,636**	**2,295,075**	**386,943**	**9,922**	**5,240,576**

20. BIOLOGICAL ASSETS (continued)

(a) Group (continued)

The Group is involved in the growing, processing and selling of coffee and tea and breeding of dairy cattle. At 30 September 2015, the Group had 118 (2014 - 105) cows able to produce milk, 129 (2014 - 199) calves that are raised to produce milk in the future, 7 (2013 - 3) bull calves and 784 (2014 - 697) sheep. The Group produced 689,150 (2014 - 718,749) litres of milk with a fair value less cost to sell of KShs 34,457,490 (2014 - KShs 35,937,465) in the year.

The Group has 775 hectares of mature coffee bushes. The Group harvested 992,519 (2014 - 1,153,989) Kgs of coffee with a fair value less cost to sell of KShs 287.18 million (2014 - KShs 390 million).

The Group has 1,434 (2014 - 1,434) hectares of mature tea bushes and 29 (2014 - 29) hectares of immature tea bushes. The Group harvested 18,817,071 (2014 - 25,633,695) Kgs of green tea leaves with a fair value less cost to sell of KShs 133,906,320 million (2014 - KShs 268 million).

(b) Company

	Coffee trees	Other trees	Livestock	Total
30 September 2015:	KShs'000	KShs '000	KShs'000	KShs'000
Carrying value as at 1 October 2014	**1,879,071**	**61,909**	**1,342**	**1,942,322**
Disposal during the year	(1,908)	(569)	-	(2,477)
Gains/(losses) due to biological transformation at fair value	169,601	(30,422)	421	139,600
Decreases due to harvest at fair value	(229,586)	(7,851)	643	(236,794)
Changes in immature trees/bushes	-	126	-	126
	(59,985)	(38,147)	1,064	(97,068)
Carrying value as at 30 September 2015	**1,817,178**	**23,193**	**2,406**	**1,842,777**

The reconciliation of fair value changes is analysed below:

30 September 2015:				
Carrying value as at 1 October 2014	1,879,071	61,909	1,342	1,942,322
Disposal during the year	(1,908)	(569)	-	(2,477)
Changes due to price estimate	302,764	-	404	303,168
Changes due to yield estimate	(362,749)	(38,273)	660	(400,362)
Changes in immature trees/bushes	-	126	-	126
Carrying value as at 30 September 2015	**1,817,178**	**23,193**	**2,406**	**1,842,777**

30 September 2014:				
Carrying value as at 1 October 2013	**1,468,786**	**93,479**	**957**	**1,563,222**
Gains/(losses) due to biological transformation at fair value	719,217	(24,395)	3,844	698,666
Decreases due to harvest at fair value	(310,457)	(7,301)	(3,459)	(321,217)
Changes in immature trees/bushes	1,525	126	-	1,651
	410,285	(31,570)	385	379,100
Carrying value as at 30 September 2014	**1,879,071**	**61,909**	**1,342**	**1,942,322**

20. BIOLOGICAL ASSETS (continued)

(b) Company (continued)

	Coffee trees	Other trees	Livestock	Total
30 September 2014:	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
The reconciliation of fair value changes is analysed below:				
Carrying value as at 1 October 2013	1,468,786	93,479	957	1,563,222
Changes due to price estimate	234,879	(11,650)	-	223,229
Changes due to yield estimate	173,880	(20,045)	385	154,220
Changes in immature trees/bushes	1,526	125	-	1,651
Carrying value as at 30 September 2014	**1,879,071**	**61,909**	**1,342**	**1,942,322**

Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value is determined based on the net present value of the expected future cash flows from those assets, discounted at appropriate pre-tax rates.

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Tea bushes (Level III)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 30 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated future green leaf price per kilogram of KShs 21.40 (2014: KShs 23.52); • Estimated future green leaf costs per kilogram of KShs 14.28 (2014: KShs 10.72); and • Risk-adjusted annual discount rate of 14.29% (2014: 14.35%).	The estimated fair value would increase (decrease) if: • The estimated green leaf prices per kilogram were higher(lower); • The estimated harvest, replanting, weeding and transportation costs were lower (higher); or • The risk-adjusted discount rates were lower (higher).
Coffee bushes (Level III)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 9 to 50 years depending on the type of bush. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated future coffee realisation price per kilogram of KShs 392 (2014: KShs 329); • Risk-adjusted annual discount rate of 14.34 % (2014: 13.02%); and • Estimated future exchange rate to the USD of KShs 95.65 (2014: KShs 86.82).	The estimated fair value would increase (decrease) if: • The estimated green leaf prices per kilogram were higher(lower); • The estimated harvest, replanting, weeding and transportation costs were lower (higher); • The risk-adjusted discount rates were lower (higher); or • The estimated exchange rates (USD/KShs) were higher (lower).
Livestock (Level II) Livestock comprises cattle and sheep	Market comparison technique: The fair values are based on the market price of livestock of similar age, weight and market values.	• Not applicable	Not applicable
Trees (Level III)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for periods between 10 and 50 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	• Estimated future trees realisation price per tree of KShs 1,000 to KShs 4,000 (2014: KShs 1,000 to KShs 4,000); and • Risk-adjusted annual discount rate of 14.26 to 20.69% (2014 - 14.26 to 20.69%).	The estimated fair value would increase (decrease) if: • The estimated tree prices were higher (lower); and • The risk-adjusted discount rates were lower (higher).

21. PREPAID LEASES ON LEASEHOLD LAND

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Cost				
Balance brought forward	23,058	23,058	9,210	9,210
Disposal	(1,654)	-	-	-
At 30 September	21,404	23,058	9,210	9,210
Amortisation				
Balance brought forward	2,984	2,742	1,450	1,324
Amortisation during the year	206	242	127	126
Disposal	(259)	-	-	-
At 30 September	2,931	2,984	1,577	1,450
Carrying value at 30 September	**18,473**	**20,074**	**7,633**	**7,760**

The Group's leasehold land was revalued on 30 September 2014 by Knight Frank Valuers Limited, a firm of independent valuers, on the market value existing basis. The fair value of the land is estimated at KShs 3.60 billion (2014: KShs 3.74 billion). The revaluation has not been adopted in the financial statements.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Trade investments: Unquoted	**525**	**525**	-	-

These relate to unquoted investments classified as available-for-sale and measured at cost.

23. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2015	2014
	KShs'000	KShs'000
Shares in subsidiaries at cost	172,697	172,697

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

Name of subsidiary	**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	85	
Wahenya Limited	85	(100% held by Mweiga Estate Limited)
Aristocrats Tea & Coffee Exporters Limited	100	
Sasini Coffee House Limited	60	

Consolidated financial statements have been prepared incorporating the financial statements of the Company and its subsidiaries made up to 30 September 2015 and 2014.

24. INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Made tea	97,014	131,941	-	-
Tea and tree nurseries	8,902	8,156	-	-
Coffee	63,094	43,816	54,987	40,299
Estate stores	179,776	141,039	41,608	37,893
Food and beverages	1,652	2,187	-	-
	350,438	327,139	96,595	78,192
Inventories write-offs	(9,076)	(9,076)	-	-
	341,362	**318,063**	**96,595**	**78,192**

The amount of inventories recognised as an expense is KShs 513,890,819 (2014 – KShs 598,472,610) which was recognised in cost of sales.

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Trade receivables	172,721	233,740	83,619	153,746
Allowances for impairment	(6,467)	(8,456)	-	(2,962)
Net trade receivables	166,254	225,284	83,619	150,784
Other receivables and prepaid expenses	343,852	357,210	122,325	141,641
	510,106	**582,494**	**205,944**	**292,425**
Allowances for impairment:				
At beginning of the year	8,456	8,356	2,962	2,862
Written off	(2,962)	-	(2,962)	-
Charge for the year	973	100	-	100
At the end of the year	**6,467**	**8,456**	**-**	**2,962**
Age analysis of trade receivables:				
Less than 30 days	124,622	204,753	39,041	134,619
31 to 90 days	40,592	14,344	40,592	9,497
Over 90 days (past due but not impaired)	7,507	11,354	3,986	8,923
Over 90 days (past due and impaired)	-	3,289	-	707
	172,721	**233,740**	**83,619**	**153,746**

26. RELATED COMPANIES BALANCES

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Amount due from related companies:				
Mweiga Estates Limited	-	-	-	224,398
Wahenya Limited	-	-	12,230	13,326
Aristocrats Tea & Coffee Exporters Limited	-	-	3,584	429
Sasini Coffee House Limited	-	-	15,523	13,290
Sameer Agriculture and livestock limited	1,000	1,000	-	-
Sameer investments Limited	209	198	92	92
	1,209	**1,198**	**31,429**	**251,535**
Amount due to related companies:				
Sameer investments Limited	11	681	-	-
Sameer Agriculture and livestock limited	1,071	-	-	-
Mweiga Estate Limited	-	-	7,720	-
Kipkebe Limited	-	-	41,779	357,805
	1,082	**681**	**49,499**	**357,805**

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Cash and cash equivalents	399,348	304,303	217,023	144,813
Short term deposit	801,166	21,562	100,000	-
	1,200,514	**325,865**	**317,023**	**144,813**

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

28. SHARE CAPITAL

Authorised:				
At 1 October and 30 September: 300,000,000 ordinary shares of KShs 1 each	**300,000**	**300,000**	**300,000**	**300,000**
Issued and fully paid:				
At 1 October and 30 September: 228,055,500 ordinary shares of KShs 1 each	**228,055**	**228,055**	**228,055**	**228,055**

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

29. RESERVES

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Non-distributable reserves:				
Revaluation reserve	7,887,974	7,337,072	5,678,118	5,508,889
Capital reserve	98,530	98,530	40,594	40,594
Defined benefit reserve	50,520	17,954	5,456	1,714
Biological assets fair value reserve	2,702,081	2,769,893	1,179,161	1,247,109
	10,739,105	**10,223,449**	**6,903,329**	**6,798,306**
Distributable reserves:				
Retained earnings	2,144,228	1,370,695	629,903	342,820
Proposed dividends	57,014	57,014	57,014	57,014
	2,201,242	**1,427,709**	**686,917**	**399,834**
Non-controlling interest	**390,103**	**241,755**	-	-

Revaluation reserve
The revaluation reserve relates to increases in the fair value of property, plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Defined benefit reserve
Defined benefit reserve relates to remeasurement of post-employment benefits at the reporting date. The remeasurements comprise of actuarial gains and losses on valuation of the gratuity scheme.

Biological assets fair value
The biological assets fair value relates to increases in the fair value of biological assets and decreases to the extent that such decrease relate to an increase on the same asset previously recognised in equity. The fair value movements are recognised in profit and loss but for purposes of monitoring the distribution of these reserves, the directors have transferred the amounts from retained earnings to equity.

30. DEFERRED TAX ASSET/LIABILITY

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

Group 2015:	Balance at 1 October KShs '000	Change in rate through OCI KShs '000	Through profit or loss KShs '000	Through other comprehensive income KShs '000	Balance at 30 September KShs '000
Property, plant and equipment	(18,178)	-	(484,524)	-	(502,702)
Revaluation gain	675,957	(203,699)	324,548	168,598	965,404
Other temporary differences	(135,754)	-	(30,722)	14,029	(152,447)
Biological assets	1,572,173	-	(48,974)	-	1,523,199
Tax losses	(114,019)	-	4,991	-	(109,028)
	1,980,179	**(203,699)**	**(234,681)**	**182,627**	**1,724,426**

2014:	Balance at 1 October KShs '000	Prior year under/ (over) provision through profit or loss KShs '000	Through profit or loss KShs '000	Through other comprehensive income KShs '000	Balance at 30 September KShs '000
Property, plant and equipment	22,975	(11,866)	(29,287)	-	(18,178)
Revaluation gain	223,337	-	-	452,620	675,957
Other temporary differences	(103,219)	-	(41,024)	8,489	(135,754)
Biological assets	1,587,233	-	(15,060)	-	1,572,173
Tax losses	(104,660)	-	(9,359)	-	(114,019)
	1,625,666	**(11,866)**	**(94,730)**	**461,109**	**1,980,179**

30. DEFERRED TAX ASSET/LIABILITY (Continued)

Presented in the statement of financial position as below:

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Entities with net deferred tax asset	(77,070)	(23,070)	-	-
Entities with net deferred tax liability	1,801,496	2,003,249	671,781	638,246
	1,724,426	**1,980,179**	**671,781**	**638,246**

The tax losses expire within 10 years under the current tax laws. The ageing of tax losses for the Group is as below:

Year of origin	Amounts KShs '000	Year of expiry
2011	119,090,241	2021
2012	84,088,978	2022
2013	113,261,320	2023
2014	34,374,190	2024
2015	12,612,170	2025
Total	**363,426,899**	

Company 2015:	Balance at 1 October 2014 KShs '000	Prior year under/ (over) provision KShs '000	Through profit or loss KShs '000	Through other comprehensive income KShs '000	Balance at 30 September 2015 KShs '000
Property, plant and equipment	(25,703)	-	(4,390)	-	(30,093)
Revaluation gain	105,281	-	-	72,527	177,808
Other temporary differences	(24,029)	-	(6,342)	1,604	(28,767)
Biological assets	582,697	-	(29,864)	-	552,833
	638,246	**-**	**(40,596)**	**74,131**	**671,781**

2014:	Balance at 1 October 2014 KShs '000	Prior year under/ (over) provision KShs '000	Through profit or loss KShs '000	Through other comprehensive income KShs '000	Balance at 30 September 2015 KShs '000
Property, plant and equipment	(6,056)	(11,866)	(7,781)	-	(25,703)
Revaluation gain	91,892	-	-	13,389	105,281
Other temporary differences	(11,545)	-	(13,219)	735	(24,029)
Biological assets	468,967	-	113,730	-	582,697
	543,258	**(11,866)**	**92,730**	**14,124**	**638,246**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015 (continued)

31. POST EMPLOYMENT BENEFITS

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Balance brought forward	280,893	280,911	21,094	19,465
Paid during the year	(33,509)	(24,879)	(1,104)	(1,551)
Charge for the year	44,789	50,728	3,677	5,629
Remeasurements	(46,763)	(25,867)	(5,346)	(2,449)
Balance carried forward	**245,410**	**280,893**	**18,321**	**21,094**
Non-current portion	216,814	270,520	15,113	21,094
Current portion	28,596	10,373	3,208	-
	245,410	**280,893**	**18,321**	**21,094**

This relates to provision for staff gratuity. The Company has entered into collective bargaining agreements with trade unions representing its employees that provide for gratuity payments on age and ill-health, retirement, withdrawal, resignation and death in-service of an employee. The gratuity arrangements are unfunded.

An actuarial valuation was carried out by The Actuarial Services Company Limited, registered actuaries, as at 30 September 2014 and 2015.

The principle assumptions used were as follows:

	2015	2014
Discount rate	14.55%	12.37%
Future salary increases	10.00%	12.00%

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000
Trade payables	132,248	176,613	69,891	115,300
Other payables	296,891	345,755	53,971	148,708
	429,139	**522,368**	**123,862**	**264,008**

33. CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Profit before tax	1,039,222	61,793	513,684	442,723
Adjustments for:				
Depreciation and amortisation	163,358	186,713	50,173	62,007
Unrealised foreign exchange (gain)/loss	(1,536)	14,036	(330)	11,793
Interest income (Note 13)	(44,222)	(1,621)	(16)	(423)
Interest cost (Note 13)	6,986	12,984	6,986	12,933
Gain on disposal of fixed assets	(830,700)	(796)	(32,364)	(796)
Equipments written back	(4,951)	-	(4,951)	-
Fair value changes on biological assets (Note 20(a))	(18,290)	50,198	97,068	(379,098)
Operating profit before working capital changes	**309,867**	**323,307**	**630,250**	**149,139**
Working capital changes:				
Inventories	(23,299)	52,201	(18,403)	(29,072)
Trade and other receivables	72,388	(64,160)	86,481	(57,884)
Related party balances	390	575	(88,200)	82,336
Trade and other payables	(93,229)	(14,320)	(140,146)	20,942
Post-employment obligations	15,250	26,577	2,572	4,076
Cash flows generated from operations	**281,367**	**324,180**	**472,554**	**169,537**

34. RELATED PARTY TRANSACTIONS

The Group shares common directors with some of its subsidiary companies and suppliers, to and from whom goods and services were supplied during the year under review. The following transactions were entered into with these related parties:

(a) Purchase of goods and services

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Ryce East Africa Limited	2,129	1011	1,378	1011
Ryce Engineering Limited	62	20	62	-
Sameer Investments Limited	157	-	157	-
Sameer Management Limited	3,435	3,070	104	70
Airtel Kenya Limited	1,008	955	809	670
Sameer Agriculture Limited	9,071	6,125		158
Sameer Business Park Limited	3,204	-	-	
Yana Tyre Centre	1,237	1,447	933	1,241
Liquid Telecom Limited	2,974	4,705	1,580	1,653
	23,277	**17,333**	**5,023**	**4,803**

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

(b) Key management compensation

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Short term employee benefits	50,433	40,046	32,466	29,588
Post-employment benefits	4,928	4,165	3,337	2,855
	55,361	**44,211**	**35,803**	**32,443**

34. RELATED PARTY TRANSACTIONS (continued)

(c) Director's emoluments

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Fees	3,600	3,600	3,600	3,600
Other remuneration	14,333	13,652	14,333	13,652
	17,933	**17,252**	**17,933**	**17,252**

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

35. CAPITAL COMMITMENTS

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Authorised and contracted for	**58,689**	**945**	**647**	**304**

36. CONTINGENT LIABILITIES

There are certain pending legal claims brought against the Group at 30 September 2015 and 2014. In the opinion of the directors and after taking appropriate legal advice the outcome of the legal claims will not give rise to any significant loss beyond the amounts provided for in these financial statements.

37. OPERATING LEASE RENTALS

(a) Lessor

The group has leased out office space to third parties. Non-cancellable operating lease rentals are received as follows:

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Less than one year	5,748	5,559	11,135	10,782
One year to five years	22,478	23,718	38,098	44,724
Over five years	3,268	5,823	3,268	5,823
	31,494	**35,100**	**52,501**	**61,329**

During the year, rental income of KShs. 5,435,920 (2014: 4,892,328) was recognised in the profit or loss.

(b) Lessee

The group has leased out office space from third parties. Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Less than one year	4,770	5,777	-	5,777
One year to five years	11,938	21,547	-	21,547
Over five years	-	959	-	959
	16,708	**28,283**	**-**	**28,283**

During the year KShs 6,013,489 (2014: 6,239,511) lease rentals was expensed in the profit or loss.

FIVE YEAR COMPARATIVE STATEMENTS

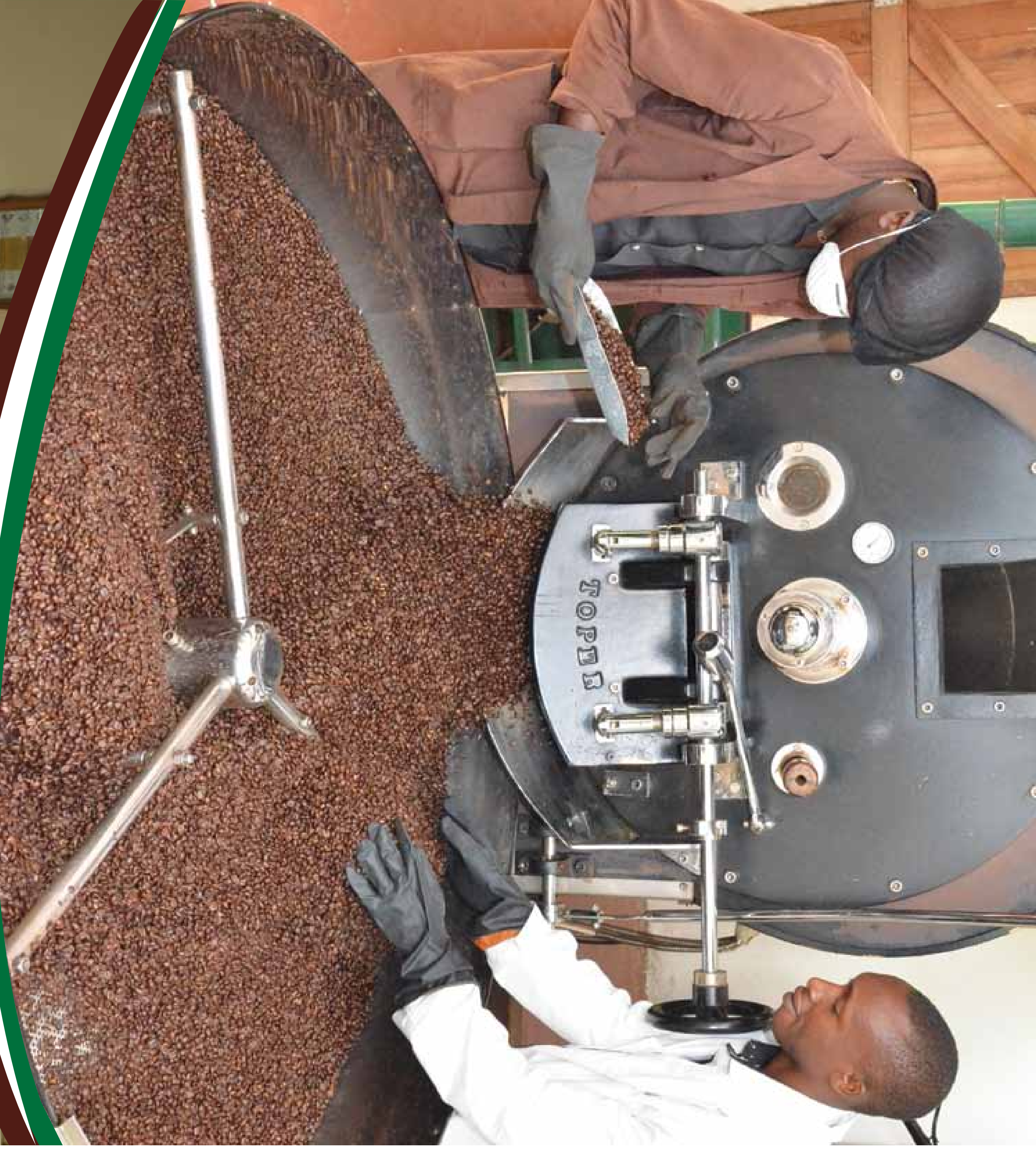
SASINI LIMITED AND SUBSIDIARIES

	2015	2014	2013	2012	2011
PRODUCTION AND SALES STATISTICS					
TEA					
Area – Hectares	1,463	1,465	1,465	1,465	1,437
Production – Tonnes	8,578	11,564	11,061	8,826	9,042
Sales – Tonnes	8,967	11,495	11,064	8,877	8,761
Sales proceeds - KShs/Kg	179	158	190	192	189
COFFEE					
Area – Hectares	775	912	912	912	912
Production – Tonnes	993	1,153	1,201	980	863
Sales – Tonnes	993	1,209	1,169	1,008	908
Sales proceeds - KShs'000/tonne	435	417	339	698	618
RESULTS	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Turnover	2,786,126	2,762,547	2,816,834	2,820,737	2,665,877
(Losses)/gains arising from changes in fair value less costs to sell	18,290	(50,198)	(31,518)	(420,986)	(416,043)
Profit /(loss) before taxation and non-controlling interest	1,039,222	61,793	158,407	(85,225)	1,014,139
Taxation credit/(charge)	61,990	(16,372)	(66,718)	(38,888)	(563,792)
Profit (loss) after taxation before non-controlling interests	**1,101,212**	**45,421**	**91,689**	**(124,113)**	**450,347**
Made up as shown below:					
Profit arising from operating activities	953,650	85,476	126,832	186,857	384,664
(Loss)/profit arising from changes in fair value less costs to sell after tax	21,113	(61,819)	(4,128)	(254,650)	6,569
Non-controlling interest	126,449	21,764	(31,015)	(56,320)	59,114
	1,101,212	**45,421**	**91,689**	**(124,113)**	**450,347**
Dividends	**(285,069)**	**(57,014)**	**(57,014)**	**(171,042)**	**(228,055)**

FIVE YEAR COMPARATIVE STATEMENTS (Continued)

SASINI LIMITED AND SUBSIDIARIES

CAPITAL EMPLOYED	2015	2014	2013	2012	2011
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Property, plant and equipment	8,770,714	8,362,361	2,343,387	2,411,972	2,402,791
Intangible assets	8,393	8,210	11,686	19,887	29,758
Biological assets	5,077,329	5,240,576	5,290,774	5,322,292	5,743,278
Prepaid leases - leasehold land	18,473	20,074	20,316	20,556	20,797
Capital work-in-progress	33,358	29,678	39,934	37,877	21,645
Other investments	525	525	525	525	525
Deferred tax asset	77,070	23,070	52,699	-	-
Net current assets	1,590,953	710,243	563,796	524,243	659,798
	15,576,815	**14,394,737**	**8,323,117**	**8,337,352**	**8,878,592**
FINANCED BY					
Share capital	228,055	228,055	228,055	228,055	228,055
Reserves	12,883,333	11,594,144	6,054,978	6,008,602	6,230,971
Non-controlling interests	390,103	241,755	99,878	133,131	189,118
Proposed dividend	57,014	57,014	-	57,014	114,028
Equity	13,558,505	12,120,968	6,382,911	6,426,802	6,762,172
Non-current liabilities	2,018,310	2,273,769	1,940,206	1,910,550	2,116,420
	15,576,815	**14,394,737**	**8,323,117**	**8,337,352**	**8,878,592**
RATIOS					
Earnings per share on operating activities (KShs)	4.18	0.37	0.56	0.82	1.69
Earnings/(loss) per share on biological assets (KShs)	0.09	(0.27)	(0.02)	(1.12)	0.03
Dividend per share (KShs)	1.25	0.25	0.25	0.75	1.00
Dividend cover (times covered)	3.34	1.48	2.24	1.09	1.69
Capital employed per share	68.30	63.12	36.50	36.56	38.93



FORM OF PROXY/ FOMU YA UWAKILISHI

I / We...

Of..

being a member/members of Sasini Limited, do hereby appoint ....

....

or failing him/her ....

the duly appointed Chairman of the meeting to be my/ our proxy, to vote for me/ us at the Annual General Meeting of the Company to be held at Kamundu Estate, Kiambu, Kenya on Friday 4th March, 2016 and at any adjournment thereof.

As witness my/our hand(s) this day of 2016

Signature ....

Notes:

- To be valid, this proxy must be deposited at the Registered Office of the Company not less than 48hours before the time appointed for holding the meeting.

- 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 authorized in writing.

Mimi/Sisi ....

Wa..

Nikiwa/tukiwa mwanachama/wanachama wa Sasini Limited, namchagua/ twamchagua au akikosa yeye ....

....

Mwenyekiti aliyechaguliwa wa mkutano kuwa kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye mkutano mkuu wa mwaka wa Kampuni utakaofanyika katika shamba la Kamundu, Kiambu, Kenya, siku ya Ijumaa tarehe 4 Machi 2016 na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya ....

Mwezi wa 2016

Sahihi ....

Maelezo:

- Ili kuwa halali, fomu hii ya uakilishi lazima ifikishwe kwenye afisi ilioandikishwa ya Kampuni kwa muda usiopungua masaa arobaini na nane kabla ya wakati uliochaguliwa wa kufanya mkutano.

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

FOLD 2

Affix
Stamp
Here

The Company Secretary
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Kenya

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Sasini
A MEMBER OF THE SAMEER GROUP