

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2009 (Audited)

CONSOLIDATED INCOME STATEMENT	Group				Company			
	30.09.2009 Ksh '000	30.09.2008 Ksh '000	30.09.2009 Ksh '000	30.09.2008 Ksh '000	30.09.2009 Ksh '000	30.09.2008 Ksh '000	30.09.2009 Ksh '000	30.09.2008 Ksh '000
Revenue	2,182,090	1,462,966	827,383	392,648				
Gains arising from changes in fair value of biological assets less estimated point of sale costs	568,992	1,302,454	(74,030)	383,958				
Profit from operations	802,873	1,323,920	139,054	342,323				
Finance costs								
Interest income	28,497	17,209	26,129	14,024				
Interest expense	(71,649)	(74,723)	(67,374)	(65,838)				
Profit before taxation, minority interest	759,721	1,266,406	97,809	290,509				
Tax (charge)	(226,690)	(381,202)	41,992	(87,528)				
Minority interests	(7,006)	(9,541)	-	-				
Profit after tax attributable to members	526,025	875,663	139,801	202,981				
Profit/(Loss) arising from operating activities	137,205	(13,408)	191,622	(64,357)				
Gains arising from changes in fair value of biological assets	388,820	889,071	(51,821)	267,340				
	526,025	875,663	139,801	202,981				
Earnings/ (loss) per share (Kshs) on normal operations	0.60	(0.06)	0.84	(0.28)				
Earnings/ (loss) per share (Kshs) on biological assets	1.70	3.90	(0.23)	1.17				
Net Earnings per share (Kshs)	2.30	3.84	0.61	0.89				
Issued and fully paid Shares of Kshs 1 each	228,055	228,055	228,055	228,055				
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
	Share Capital	Capital Reserves	Revaluation Reserves	Revenue Reserves	Biological Assets Fair Value	Proposed Dividends	Minority Interest	Total
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
At 1 October 2007	228,055	137,933	843,246	481,239	1,177,676	-	86,483	2,954,632
Excess depreciation on revaluation	-	-	(11,839)	11,839	-	-	-	-
Minority Interest in profit after tax	-	-	-	-	-	-	9,541	9,541
Profit for the year	-	-	-	(13,408)	889,071	-	-	875,663
Revaluation surplus	-	-	1,010,016	-	-	-	-	1,010,016
Deferred tax	-	-	(158,394)	-	-	-	(4,152)	(162,546)
Contribution by Minority Shareholders	-	-	-	-	-	-	30,000	30,000
At 30 September 2008	228,055	137,933	1,683,029	479,670	2,066,747	-	121,872	4,717,306
At 1 October 2008	228,055	137,933	1,683,029	479,670	2,066,747	-	121,872	4,717,306
Excess depreciation on revaluation	-	-	(55,996)	55,996	-	-	-	-
Minority Interest in profit after tax	-	-	-	-	-	-	7,006	7,006
Profit for the year	-	-	-	137,206	388,820	-	-	526,026
Revaluation surplus	-	-	572,217	-	-	-	-	572,217
Deferred tax	-	-	(117,767)	-	-	-	(5,355)	(123,122)
Contributions by Minority shareholders	-	-	-	-	-	-	8,000	8,000
Interim dividends paid	-	-	-	(45,611)	-	45,611	-	-
Proposed final dividend	-	-	-	(45,611)	-	-	-	(45,611)
At 30 September 2009	228,055	137,933	2,081,483	581,650	2,455,567	45,611	131,523	5,661,822
COMPANY STATEMENT OF CHANGES IN EQUITY								
	Share Capital	Capital Reserves	Revaluation Reserves	Revenue Reserves	Biological Assets Fair Value	Proposed Dividends	Minority Interest	Total
	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000	Ksh '000
At 1 October 2007	228,055	40,594	378,255	(16,986)	387,475	-	-	1,017,393
Excess depreciation on revaluation	-	-	(985)	985	-	-	-	-
Profit for the year	-	-	-	(64,358)	267,339	-	-	202,981
Revaluation surplus	-	-	663,214	-	-	-	-	663,214
Deferred tax	-	-	(78,318)	-	-	-	-	(78,318)
At 30 September 2008	228,055	40,594	962,166	(80,359)	654,814	-	-	1,805,270
At 1 October 2008	228,055	40,594	962,166	(80,359)	654,814	-	-	1,805,270
Excess depreciation on revaluation	-	-	(14,959)	14,959	-	-	-	-
Minority Interest in profit after tax	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	191,622	(51,821)	-	-	139,801
Revaluation surplus	-	-	293,410	-	-	-	-	293,410
Deferred tax	-	-	(40,023)	-	-	-	-	(40,023)
Contributions by Minority shareholders	-	-	-	-	-	-	-	-
Interim dividends paid	-	-	-	(45,611)	-	45,611	-	-
Proposed final dividends	-	-	-	(45,611)	-	-	-	(45,611)
At 30 September 2009	228,055	40,594	1,200,594	35,000	602,993	45,611	-	2,152,847
CONSOLIDATED BALANCE SHEET								
	Group	Company						
	30.09.2009 Ksh '000	30.09.2008 Ksh '000	30.09.2009 Ksh '000	30.09.2008 Ksh '000				
NON-CURRENT ASSETS								
Property, plant and equipment	2,435,962	1,941,955	1,532,231	1,263,599				
Intangible assets	718	2,368	-	-				
Biological assets	4,416,277	3,838,529	1,018,258	1,088,993				
Prepaid leases - leasehold land	21,462	21,598	8,390	8,512				
Capital work-in-progress	78,573	14,013	68,329	6,717				
Investments in subsidiary companies	-	-	72,697	60,797				
Other investments	4,229	6,045	-	1,298				
	6,957,221	5,824,508	2,699,905	2,428,916				
CURRENT ASSETS								
Inventories	227,152	329,891	58,914	173,171				
Amount due from subsidiary companies	-	-	39,411	35,874				
Trade and other receivables	265,554	270,179	108,260	131,855				
Amounts due from related companies	1,695	1,615	1,695	1,615				
Taxation recoverable	-	-	19,746	15,136				
Cash and bank balances	548,646	370,113	295,591	283,086				
	1,043,047	971,798	523,617	640,737				
	8,000,268	6,796,306	3,223,522	3,070,653				
TOTAL ASSETS								
EQUITY AND LIABILITIES								
CAPITAL AND RESERVES								
Share capital	228,055	228,055	228,055	228,055				
Distributable reserves	627,261	479,670	80,611	(80,358)				
Non-distributable reserves	4,674,983	3,887,709	1,844,181	1,657,573				
Minority interest	131,523	121,872	-	-				
	5,661,822	4,717,305	2,152,847	1,805,270				
NON-CURRENT LIABILITIES								
Bank loan	1,315	4,550	1,315	4,550				
Deferred Tax	1,223,823	969,653	294,460	296,429				
Notes in issue	540,000	600,000	540,000	600,000				
Post employment benefits	163,912	143,575	10,995	11,206				
	1,929,050	1,717,778	846,770	912,185				
CURRENT LIABILITIES								
Trade and other payables	284,453	329,627	159,338	175,587				
Notes in issue	60,000	-	60,000	-				
Short term portion of post employment benefits	10,795	13,824	884	1,500				
Amount due to subsidiary companies	-	-	-	168,754				
Tax payable	46,955	10,415	-	-				
Bank overdraft	3,958	4,122	448	4,122				
Short term portion of bank loan	3,235	3,235	3,235	3,235				
	406,161	381,223	223,905	353,198				
	8,000,268	6,796,306	3,223,522	3,070,653				
CONSOLIDATED CASHFLOW STATEMENT								
OPERATING ACTIVITIES								
Cash Flow Generated from Operations	412,190	92,284	169,632	(53,067)				
Tax Paid	(58,103)	(6,033)	(4,609)	(2,827)				
Net cash flows (used in) generated from operating activities	353,087	86,251	165,023	(55,894)				
INVESTING ACTIVITIES								
Purchase of Property, plant and equipment	(38,620)	(287,460)	(7,318)	(229,074)				
Purchase of Leasehold land and buildings	0	(8,000)	-	-				
Purchase of Intangible Assets	(341)	(1,243)	-	-				
Biological assets	(8,756)	(13,136)	(3,294)	(4,946)				
Work in progress	(64,560)	4,238	(61,612)	10,214				
Dividend received from trade investments	0	976	-	-				
Interest received	(0)	17,209	-	-				
Proceeds on sale of property, plant and equipment	1,123	180	1,123	-				
Proceeds on sale of intangible assets	0	-	-	-				
Transfer/(Purchase) of investments	0	20,971	(11,900)	(24,029)				
Net cash flow used in investing activities	(111,154)	(268,265)	(83,001)	(247,835)				
FINANCING ACTIVITIES								
Contributions from Minority shareholders	8,000	30,000	-	-				
Notes Issued	0	600,000	-	600,000				
Loans repayments	(3,234)	(3,234)	(3,235)	(3,235)				
Interest paid	(43,152)	(77,690)	(41,604)	(8,412)				
Dividend paid on ordinary shares	(45,611)	0	(45,611)	-				
Net cash flow used in financing activities	(83,997)	549,076	(90,450)	588,353				
Net (Decrease)/Increase in Cash and cash equivalents	157,936	369,062	(8,428)	284,624				
Cash and cash equivalents at the beginning of the year	365,991	(1,412)	278,964	(6,227)				
Effect of exchange rate changes	20,761	(1,659)	24,607	567				
Cash and cash equivalents at the end of the year	544,688	365,991	295,143	278,964				

Comments on the results

The year 2008-09 has seen an improvement in the financial performance of the Group. The Group's overall turnover increased by 49% from Kshs 1.46 billion in the 2007/08 to Kshs 2.18 billion in 2008/09. In terms of profit, the Group posted a profit after tax arising from operating activities of Kshs. 137.2 million compared to a loss of Kshs. 13.4 million, recorded in the previous year.

The increase in revenue was due to stronger international tea prices and also an increase in total tea and coffee production and sales compared to the previous year. The results were, however, adversely affected by the strengthening of the Kenya shilling during the second half of the year and the continuing rise in costs of inputs particularly in relation to energy, labour and farm inputs.

The total assets of the Group increased to Kshs. 8 billion due to the revaluation carried out during the year.

Despite the effects of the drought, Sasini managed to increase its overall production in both tea and coffee. The effects of the drought were more severe in the coffee sector and despite increased production, there was a drop in quality that affected the proportion of premium grade coffee and as a consequence of which there was a decline in the prices realized per kilogram. The tea sector experienced improved price realization at the auctions, fuelled by under supply in the global tea markets. The volumes improved compared to the previous year, when production was disrupted by the post-election violence experienced in January 2008.

The dairy and horticulture sectors were negatively affected by the drought but remained marginally profitable during the financial year.

The Group continued to implement its diversification strategy during the year with increased throughput in its coffee milling operations and with an increase in the number of Savanna coffee lounges.

The Group's diversification into value added activities continues to bear fruit with positive results from the new initiatives, namely, the Coffee Mill, Savanna Coffee Lounge, and the Export Operations. However, high tea prices continue to impact negatively on the performance of value added retail products.

The Group has continued to service its bond interest obligations and the first redemption is due in June 2010.

Dividend

An interim dividend of 20% (Ksh0.20 per share) was paid to shareholders on 10th June 2009.

The Directors will recommend to the members at the forthcoming Annual General Meeting, the payment of a final dividend of 20% (Ksh0.20 per share) for the year ended 30th September 2009, payable less withholding tax, where applicable on or about 4th March 2010 to the members on the register at close of business on 18th February 2010. The Company's register will be closed for one day on 19th February 2010.

Annual General Meeting

The 58th Annual General Meeting of the members will be held at Kamundu Estate, Kiambu on Thursday, 25th February 2010 at 11.30 am.

By Order of the Board

Mrs. M. R. Ekaya
Company Secretary



Savanna The Coffee Lounge now open at:-
- Sasini House, Loita Street
- Nairobi Museum
- Upper Hill next to General Accident House
- United Nation Recreation Centre, Gigiri
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