Kakuzi Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

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2007/0016

COMPANY INFORMATION

COUNTRY OF INCORPORATION:	The company is incorporated in Kenya under the Companies Act and domiciled in Kenya.
DIRECTORS:	M.C. Perkins*, F.C.A (Chairman) Dr. T. R. Fowkes* (Managing Director) F. R. Bibby* (Technical Director) C. A Gardner* Dr. B M Gecaga, C. B. S. Sir Charles Markham, Bart K. W. Tarplee* *British
SECRETARY AND REGISTERED OFFICE:	Mrs. M. A. Pandit, New Rehema House, Rhapta Road, Westlands, P. O. Box 30572, Nairobi.
REGISTRARS:	Barclays Advisory and Registrar Services Limited, Barclays Plaza, Loita Street, P. O. Box 30120, Nairobi.
AUDITORS:	PricewaterhouseCoopers, P. O. Box 43963, Nairobi.
BANKERS:	Barclays Bank of Kenya Limited, P O Box 46661, Nairobi. Commercial Bank of Africa Limited, P. O. Box 45136, Nairobi.
SUBSIDIARY COMPANIES:	Siret Tea Company Limited (100% owned) Kaguru Limited (100% owned) Estates Services Limited (100% owned) Garton Limited (51% owned)

Kakuzi Limited

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the seventy third ANNUAL GENERAL MEETING of the members will be held at the Allamanda Room, Serena Hotel, Nairobi on 15 May 2001 at 12.00 noon for the following purposes:-

1. To confirm the minutes of the Annual General Meeting held on 12 May 2000.
2. To receive, consider and if deemed fit, adopt the financial statements for the year ended 31 December 2000 together with the reports thereon of the directors and of the auditors.
3. To confirm the interim dividend of Sh0.40 (8%) per stock unit paid on 16 October 2000.
4. To elect directors.
5. To confirm the directors' remuneration.
6. To authorise the directors to fix the auditors' remuneration.
7. To transact any other ordinary business which may be transacted at an Annual General Meeting.

By order of the Board.

M. C. Perkins
Chairman

Nairobi
5 March 2001

Notes:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company. A form of proxy is on the last page.

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

The year 2000 proved to be the second driest at Makuyu since our records began in 1938. Rainfall of 443mm was lower than every year other than 1949 when just 411mm was recorded. Furthermore the effects of the water shortage were exacerbated by the power rationing which we experienced for much of the year. Our tea production in Nandi Hills was devastated by severe frosts in late January and coffee prices at the Nairobi auction were at their lowest levels in dollar terms for many years. As a result the Kakuzi Group recorded an operating profit for the year of only Sh26.4 million. Net finance costs amounted to Sh112.1 million and thus, after allowing for a tax credit of Sh42.1 million and minority interests, the loss after tax attributable to the members of Kakuzi Limited was Sh28.3 million.

COFFEE **PRODUCTION IN 2000 - 2752 TONNES FROM 1162 MATURE HA (PRODUCTION IN 1999 - 1710 TONNES FROM 1067 MATURE HA)**

This was the largest annual coffee crop ever produced by Kakuzi Limited, in spite of the fact that irrigation was seriously hampered by water shortages and power rationing. However prices realised on the Nairobi coffee auction were the lowest in dollar terms for many years, with prices far below our cost of production leading to a substantial loss in our coffee operations. Stringent cost reduction measures have been implemented across all production areas, and in particular staffing levels have been cut significantly.

We have serious doubts as to the on-going viability of the Kenyan coffee industry in its present form. The liberalisation of the Kenyan coffee industry has been discussed at considerable length in recent years by all interested parties but very little action has been undertaken to institute the radical reforms which are essential. If fundamental liberalisation is not implemented urgently particularly in the area of coffee marketing, we believe the Kenyan coffee industry will contract significantly and irrevocably.

TEA **PRODUCTION IN 2000 - 2.0 MILLION KG OF MADE TEA FROM 927 MATURE HA (PRODUCTION IN 1999 - 2.4 MILLION KG OF MADE TEA FROM 910 MATURE HA)**

Our Nandi Hills estates experienced drought and hail at varying times during the year, but production was most affected by the severe frosts in late January which forced us to close our Siret tea factory for almost four months. Nevertheless during the year the factory produced 2.2 million Kg of made tea of satisfactory and consistent quality. Lack of mains power necessitated further investment in stand-by generators which forced us to cut back on other planned development projects.

HORTICULTURE

318 HA DEVELOPED TO HORTICULTURAL CROPS PLUS 1211 HA OF JOINT VENTURE PINEAPPLE AT 31 DECEMBER 2000 (332 HA DEVELOPED TO HORTICULTURAL CROPS PLUS 1211 HA OF JOINT VENTURE PINEAPPLE AT 31 DECEMBER 1999)

European avocado prices were depressed during our 2000 season by excess production from South Africa. However importers commented very favourably on the quality of our fruit which was well up to South African export standards. It was encouraging that even in this depressed market our fruit sold well compared to exports from South Africa and other Kenyan growers.

No pineapple acreage was added during the year but our jointly controlled project with Del Monte Kenya Limited continued to be profitable in spite of depressed prices on world pineapple markets.

All horticultural crop yields were affected during the year by shortages of irrigation water caused by the drought and power rationing.

LIVESTOCK

2000 CATTLE SALES - 816 HEAD (1999 - 884 HEAD)
CATTLE HERD AT 31 DECEMBER 2000 - 3607 HEAD (1999 - 3558 HEAD)

The quality of our grazing deteriorated as the year progressed and, as the drought intensified, we moved cattle into coffee mulch areas and the more established forestry plantations. The drought did however result in a significant shortage of cattle coming to market and prices consequently improved towards the end of the year.

FORESTRY

The effects of the drought were not as severe as might have been expected, although some new plantings on shallower soils did succumb. The firebreaks we created earlier in the year proved effective and fire damage during the year was minimal.

GENERAL

Capital investment during the year was concentrated upon tea development and the maintenance of other recent plantings of avocados, forestry and coffee. The irrigation infrastructure was further improved and we continued to modernise our company housing and associated services. The upgrading of security was a priority, both for our employees and for the company's physical assets.

DIVIDENDS

After tax the loss attributable to Kakuzi stockholders for the 12 month period to 31 December 2000 amounted to Sh28.3 million. An interim dividend of 8% equivalent to Sh0.40 per stock unit (1999 - 20% equivalent to Sh1.00 per stock unit) amounting to Sh7.84 million has already been declared but, in the light of the loss for the year 2000, the prospects for 2001 and in particular increasing interest rates, the Board are unable to recommend the payment of a final dividend.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

Our coffee has again flowered well and we have considerable optimism as to the size of this year's early crop, even if we do not achieve last year's record yields. Prices at the Nairobi auction have improved somewhat in recent weeks but they still remain below our cost of production. We are in the process of again reviewing all aspects of our coffee operations in order to make further cost savings wherever possible without sacrificing significant quantity or quality of production.

Growing conditions for tea in Nandi Hills have been favourable so far this year, but this is also true for tea growing areas countrywide. As a result we have seen an increase in tea production which has impacted adversely on prices. However climatic changes in Kenya in recent years do give cause for concern and, if deforestation continues at the present rate, we believe Kenya's rain fed crops will suffer significant decline in the years ahead.

All our avocado plantings are progressing well and we expect a significant increase this year in the volumes we export to Europe. We continue to be concerned about pineapple prices due to over-production in South-East Asia. The Kenyan pineapple industry cannot continue to expect good profits in the years ahead when its costs of production are uncompetitive in relation to other producers world-wide.

Interest rates on Kenya shilling borrowings, which had fallen to more sensible rates during the second half of 2000, are now rising rapidly once again and we fear our financing costs may remain at inflated levels for the balance of the year.

DIRECTORS

Mr. Charles Gardner, who has been a Director of the Company since 1985 and Chairman from 1986 to 1993, will be standing down from the Board from the conclusion of this year's Annual General Meeting. I am sure that all shareholders will join with me in wishing Mr. Gardner a long, happy and healthy retirement in the United Kingdom.

I shall be relinquishing my position as Chairman of the Company after this year's Annual General Meeting as increased commitments elsewhere will make it impossible for me to do justice to the responsibilities of this position. I am pleased to report that the Board have agreed to appoint Dr. Terry Fowkes as my successor.

M. C. Perkins
Chairman

Nairobi
5 March 2001

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries comprise:-

- the cultivation and manufacture of tea and coffee
- livestock farming
- jointly controlled operations dealing with the growing of pineapples
- growing of other horticultural crops
- forestry development

RESULTS AND DIVIDENDS

The results for the year are shown on page 9 of these financial statements.

An interim dividend of Sh0.40 per stock unit (1999 - Sh1.00 per stock unit) was paid on 16 October 2000.

In view of the loss made during the year, the directors do not propose the payment of a final dividend.

DIRECTORS

The directors who held office since 1 January 2000 and their interests in the share capital of the company are listed below:-

	Number of stock units held at 31-12-2000		Number of stock units held at 31-12-1999	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
M. C. Perkins	-	300	-	300
Dr. T. R. Fowkes	-	300	-	300
F. R. Bibby	225	-	225	-
C. A. Gardner	3,000	-	3,000	-
Dr. B. M. Gecaga	10,704	-	10,704	-
Sir Charles Markham	3,552	-	3,552	-
K. W. Tarplee	-	75	-	75

Under the terms of the Articles of Association, Sir Charles Markham and Mr. K. W. Tarplee retire by rotation and, being eligible, seek re-election.

Sir Charles Markham, retiring by rotation but being over the age of 70 years, retires in accordance with section 186(2) of the Companies Act (Cap 486) and seeks re-election under the provisions of Section 186(5) of the said Act.

None of the directors or their families had a material interest in any significant contract with the company or any of its subsidiaries during or at the end of the financial year.

SUBSTANTIAL INTERESTS

As at 5 March 2001 the company has been advised of the following significant interests in the issued share capital of the company:-

	% held
Bordure Limited	26.06
Lintak Investments Limited	24.64

Linton Park plc incorporated in England is deemed to be interested in these stock units by virtue of its shareholding in Bordure Limited incorporated in England and Lintak Investments Limited incorporated in Kenya.

Others are:-

	% held
Kenya Reinsurance Corporation	5.00
Insurance Company of East Africa Limited	2.71

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The group's overall risk management policy focuses on managing such risks prudently to minimise potential adverse effects on its financial performance. The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

AUDIT COMMITTEE

During the year the audit committee met twice. The board approved its terms of reference. The committee approved the annual internal audit plan which has been monitored by monthly internal audit reports. The committee is satisfied with the group's system of internal financial control.

AUDITORS

The company's auditors, PricewaterhouseCoopers continue in office in accordance with the provisions of Section 159(2) of the Companies Act (Cap 486)

By order of the Board.

Dr. T. R. Fowkes
Managing Director

Nairobi
5 March 2001

REPORT OF THE AUDITORS
TO THE MEMBERS OF KAKUZI LIMITED

We have audited the financial statements set out on pages 9 to 29 which have been prepared on the basis of accounting policies set out on pages 15 to 17. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The company's Balance Sheet set out on page 11 is in agreement with the books of account.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements which give a true and fair view of the company's and the group's state of affairs and of the results of the group. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

Basis of opinion

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

Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the company's and the group's financial affairs at 31 December 2000 and of the group's results and cash flows for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants of Kenya

Nairobi
5 March 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 Sh'000	1999 Sh'000
Sales	1	1,212,796	1,090,782
Cost of sales		(1,118,333)	(911,191)
Gross profit		94,463	179,591
Other operating (expenses)/income		(6,027)	6,731
Distribution costs		(20,067)	(32,456)
Administrative expenses		(86,401)	(68,603)
Profit on disposal of fixed assets		44,399	863
Operating profit	2	26,367	86,126
Net finance costs	4	(112,133)	(102,741)
Loss before tax		(85,766)	(16,615)
Tax	6	42,135	54,507
(Loss)/Profit after tax		(43,631)	37,892
Minority interests		15,358	(1,187)
(Loss)/Profit attributable to the members of Kakuzi Limited	7	(28,273)	36,705
		Sh	Sh
Basic (loss)/earnings per stock unit	8	(1.44)	1.87

		Sh'000	Sh'000
Dividends:			
Interim dividend paid in the year	9	7,840	19,600
Proposed final dividend for the year	9	0	19,600
		7,840	39,200

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2000 Sh'000	1999 Sh'000
CAPITAL EMPLOYED			
Share capital	10	98,000	98,000
Revaluation reserve	11	1,239,301	1,283,718
Revenue reserve	11	717,024	708,427
Proposed dividend	9	0	19,600
Stockholders' funds		2,054,325	2,109,745
Minority interests		81,319	96,676
Non-current liabilities			
Borrowings	21	333,109	352,771
Deferred tax	12	152,700	202,342
Employee benefit obligations	20	24,860	14,159
		510,669	569,272
		2,646,313	2,775,693
REPRESENTED BY			
Non-current assets			
Fixed assets	13	2,619,780	2,619,480
Investments	15	15	204
Growing crops	16	80,312	75,783
Debtors	17	21,328	27,087
		2,721,435	2,722,554
Current assets			
Stocks	18	309,390	293,344
Growing crops	16	84,300	89,526
Debtors	17	111,320	135,561
Taxation recoverable		29,626	29,639
Bank balances and cash		57,312	7,327
		591,948	555,397
Current liabilities			
Creditors	19	152,277	170,806
Borrowings	21	514,793	331,452
		667,070	502,258
Net current (liabilities)/assets		(75,122)	53,139
		2,646,313	2,775,693

The financial statements on pages 9 to 29 were approved by the board of directors on 5 March 2001 and signed on its behalf by:

Dr. T. R. Fowkes	**F. R. Bibby**
Director	Director

COMPANY BALANCE SHEET

	Notes	31 December 2000 Sh'000	31 December 1999 Sh'000
CAPITAL EMPLOYED			
Share capital	10	98,000	98,000
Revaluation reserve	11	1,175,276	1,219,693
Revenue reserve	11	690,775	666,193
Proposed dividend	9	0	19,600
Stockholders' funds		1,964,051	2,003,486
Non-current liabilities			
Borrowings	21	333,109	352,771
Deferred tax	12	157,851	193,705
Employee benefit obligations	20	23,343	14,159
		514,303	560,635
		2,478,354	2,564,121
REPRESENTED BY			
Non-current assets			
Fixed assets	13	2,437,000	2,431,428
Investments	15	10,813	10,962
Growing crops	16	80,312	75,783
Debtors	17	20,021	25,022
		2,548,146	2,543,195
Current assets			
Stocks	18	254,646	226,666
Growing crops	16	82,176	84,604
Debtors	17	113,725	134,683
Taxation recoverable		24,563	26,129
Bank balances and cash		55,433	7,147
		530,543	479,229
Current liabilities			
Creditors	19	160,700	184,329
Borrowings	21	439,635	273,974
		600,335	458,303
Net current (liabilities)/assets		(69,792)	20,926
		2,478,354	2,564,121

The financial statements on pages 9 to 29 were approved by the board of directors on 5 March 2001 and signed on its behalf by:

Dr. T. R. Fowkes
Director

F. R. Bibby
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	Share capital Sh'000	Revaluation reserve Sh'000	Revenue reserve Sh'000	Proposed dividends Sh'000	Total Sh'000
Year ended 31 December 1999						
At start of year						
- as previously stated		98,000	1,283,229	709,945	0	2,091,174
- effect of adopting IAS 10 (revised)		0	0	0	34,300	34,300
- as restated		98,000	1,283,229	709,945	34,300	2,125,474
Deferred tax effect on property revaluations	12	0	1,466	0	0	1,466
Depreciation transfer		0	(977)	977	0	0
Profit for 1999 after minority interests		0	0	36,705	0	36,705
Dividend - final for 1998		0	0	0	(34,300)	(34,300)
- interim for 1999	9	0	0	(19,600)	0	(19,600)
- proposed final for 1999	9	0	0	(19,600)	19,600	0
At end of year		98,000	1,283,718	708,427	19,600	2,109,745
Year ended 31 December 2000						
At start of year						
- as previously stated		98,000	1,283,718	708,427	0	2,090,145
- effect of adopting IAS 10 (revised)		0	0	0	19,600	19,600
- as restated		98,000	1,283,718	708,427	19,600	2,109,745
Deferred tax effect on property revaluations	12	0	293	0	0	293
Depreciation transfer		0	(815)	815	0	0
Transfer of revaluation surplus on disposal of fixed assets		0	(43,895)	43,895	0	0
Loss for 2000 after minority interests		0	0	(28,273)	0	(28,273)
Dividend - final for 1999	9	0	0	0	(19,600)	(19,600)
- interim for 2000	9			(7,840)	0	(7,840)
At end of year		98,000	1,239,301	717,024	0	2,054,325

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	Share capital Sh'000	Revaluation reserve Sh'000	Revenue reserve Sh'000	Proposed dividends Sh'000	Total Sh'000
Year ended 31 December 1999						
At start of year						
- as previously stated		98,000	1,219,204	668,946	0	1,986,150
- effect of adopting IAS 10 (revised)		0	0	0	34,300	34,300
- as restated		98,000	1,219,204	668,946	34,300	2,020,450
Deferred tax effect on property revaluations	12	0	1,466	0	0	1,466
Depreciation transfer		0	(977)	977	0	0
Profit for 1999		0	0	35,470	0	35,470
Dividend - final for 1998		0	0	0	(34,300)	(34,300)
- interim for 1999	9	0	0	(19,600)	0	(19,600)
- proposed final for 1999	9	0	0	(19,600)	19,600	0
At end of year		98,000	1,219,693	666,193	19,600	2,003,486
Year ended 31 December 2000						
At start of year						
- as previously stated		98,000	1,219,693	666,193	0	1,983,886
- effect of adopting IAS 10 (revised)		0	0	0	19,600	19,600
- as restated		98,000	1,219,693	666,193	19,600	2,003,486
Deferred tax effect on property revaluations	12	0	293	0	0	293
Depreciation transfer		0	(815)	815	0	0
Transfer of revaluation surplus on disposal of fixed assets		0	(43,895)	43,895	0	0
Loss for 2000		0	0	(12,288)	0	(12,288)
Dividend - final for 1999	9	0	0	0	(19,600)	(19,600)
- interim for 2000	9	0	0	(7,840)	0	(7,840)
At end of year		98,000	1,175,276	690,775	0	1,964,051

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 Sh'000	1999 Sh'000
Operating activities			
Cash generated from operations	22	462,515	350,477
Interest received		1,480	117
Interest paid		(101,031)	(80,746)
Tax paid		(7,200)	(216)
Net cash from operating activities		355,764	269,632
Investing activities			
Purchase of fixed assets (note 13)		(132,042)	(203,736)
Purchase of non-current investments (note 15)		0	(3)
Redemption of non-current investments (note15)		189	0
Expenditure on growing crops (note 16)		(400,903)	(334,976)
Proceeds from disposal of fixed assets		89,965	1,342
Dividend received from non-current investments		774	596
Net cash used in investing activities		(442,017)	(536,777)
Financing activities			
Proceeds from long-term borrowings		0	348,925
Payments on long-term borrowings		(16,648)	(47,800)
Dividends paid		(27,440)	(53,900)
Net cash (used in)/received from financing activities		(44,088)	247,225
Decrease in cash and cash equivalents		(130,341)	(19,920)
Movement in cash and cash equivalents			
At 1 January		(310,551)	(308,051)
Decrease		(130,341)	(19,920)
Effects of exchange rate changes on long term borrowings		8,387	17,420
At 31 December	23	(432,505)	(310,551)

STATEMENT OF GROUP ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2000

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:-

a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Accounting Standards. The financial statements are presented in Kenya shillings thousands (Sh'000) except where otherwise indicated. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets. In the context of IAS 14 (revised), segmental reporting, the consolidated financial statements are presented on the basis that the risks and rates of return are related to one segment, agriculture and horticulture.

b) Consolidation

Subsidiary undertakings, which are those companies in which the company has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated. The group financial statements comprise the financial statements of the company and its subsidiaries for the year ended 31 December 2000.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the company.

c) Revenue recognition

Sales are generally recognised upon delivery of products, and where applicable are stated net of Value Added Tax. Coffee and tea sold at auctions are recognised upon fall of the hammer for confirmed bids.

The final annual sales for the pineapple joint venture with Del Monte Kenya Limited is determined on a formula basis which depends on the average Del Monte pineapple selling price achieved on a world wide basis. This figure is not known by the time the financial statements are published. The company's share of the revenue in respect of the pineapple joint venture has been determined prudently on the basis of best information available.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

e) Investments

Non current investments are shown at cost and provision is only made where, in the opinion of directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amounts is charged or credited to the profit and loss account.

f) Fixed assets

All fixed assets are initially recorded at cost. Certain fixed assets are subsequently shown at revalued amounts, based on periodic valuations by the directors. All other fixed assets are stated at historical cost less depreciation. Development expenditure on horticultural crops other than growing crops is capitalised. Increases in the carrying amounts arising on revaluation are credited to revaluation reserves. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit and loss account.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life as follows:-

Leasehold land	Over the period of the lease
Buildings, dams, water supply and fencing	2% to 20%
Plant, machinery and tools	7.5%
Motor vehicles, tractors, trailers and implements	10% to 25%
Furniture, fittings and equipment	12.5%

The cost or revalued amount of freehold land and development is not depreciated. Capital work in progress is not depreciated. Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to revenue reserve.

g) Growing crops

Costs deferred are charged to revenue over the production life cycle of individual crops

These comprise:-

- the company's share of development expenditure on the jointly controlled operations dealing with the growing of pineapples
- expenditure on horticultural crops other than permanent plantings
- production costs incurred during the year relating to future coffee harvests

h) Stocks

Stocks are stated at the lower of average cost and net realisable value. Cost comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

i) Debtors

Debtors are carried at original invoiced amount less an estimate made for doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

j) Employee entitlements

Employee entitlements to gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date. The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

k) Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantially enacted at the balance sheet date are used to determine deferred tax. Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable that the future taxable profits will be available against which the temporary differences can be utilised.

l) Retirement benefit obligations

The company operates a defined contribution pension scheme for management employees. The assets of the scheme are held in a separately administered fund managed by an insurance company that is funded by contributions from both the company and employees. The company's contributions to the defined contribution scheme are charged to the profit and loss account in the year in which they relate.

m) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

n) Dividends

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

o) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of IAS 10 (revised 1999), which the company has implemented in the year. There are no changes in accounting policy that affect net profit resulting from the adoption of the above standard in these financial statements, as the company was already following the recognition and measurement principles in this standard.

1 SEGMENTAL REPORTING

In the context of IAS 14 (revised), segmental reporting, the consolidated financial statements are presented on the basis that the risks and rates of return are related to one segment, agriculture and horticulture. Within this segment the contribution to sales and gross profit/(loss) by product are:

	Group sales		Gross profit/(loss)	
	2000	1999	2000	1999
	Sh'000	Sh'000	Sh'000	Sh'000
Coffee	333,159	234,461	(121,842)	(33,499)
Tea	367,859	405,995	106,071	136,213
Horticulture	484,809	418,039	97,417	61,606
Others	26,969	32,287	12,817	15,271
	1,212,796	1,090,782	94,463	179,591

By geographical markets group sales are substantially made in Kenya.

2 GROUP OPERATING PROFIT

The following items have been charged in arriving at group operating profit:-

	2000	1999
	Sh'000	Sh'000
Depreciation on fixed assets (note 13)	85,666	85,973
Employment costs (note 3)	331,329	329,080
Auditors' remuneration	2,974	2,519
Directors' remuneration		
- fees	510	510
- other emoluments	13,916	10,667
- payment to past directors	104	104

and after crediting:-

	2000	1999
Profit on disposal of fixed assets (note 5)	44,399	863
Dividends from non current investments	774	596

3 EMPLOYMENT COSTS

	2000	1999
	Sh'000	Sh'000
The following items are included within employment costs:		
Retirement benefits costs - defined contribution scheme	4,161	4,478

The average number of persons employed by the group at the year end were:

	2000	1999
- Permanent terms	1,434	1,419
- Seasonal terms	4,642	5,529
	6,076	6,948

4 FINANCE (COST)/INCOME

	2000 Sh'000	1999 Sh'000
Interest income	1,480	132
Non current investment - dividend income	774	596
	2,254	728
Net foreign exchange losses	(8,213)	(22,723)
Interest expense - long term borrowings	(56,556)	(36,442)
- short term borrowings	(49,618)	(44,304)
	(106,174)	(80,746)
Net finance costs	(112,133)	(102,741)

5 PROFIT ON DISPOSAL OF FIXED ASSETS

Included within the profit on disposal of fixed assets is a profit of Sh43,822,000 on sale of Cotts House located in Nairobi.

6 TAX

	2000 Sh'000	1999 Sh'000
Current tax	(39)	(30)
Underprovision in previous years	(7,175)	0
Deferred tax (note 12)	49,349	54,537
Tax credit	42,135	54,507

The tax on the group's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2000 Sh'000	1999 Sh'000
Loss before tax	(85,766)	(16,615)
Tax credit calculated at a tax rate of 30% (1999 - 32.5%)	25,730	5,400
Tax effect of:		
Income not subject to tax	13,822	(7,188)
Expenses not deductible for tax purposes	(8,563)	(3,515)
Other temporary differences	18,360	41,140
Change in tax rate	0	18,700
	49,349	54,537
Current tax	(39)	(30)
Underprovision in previous years	(7,175)	0
Tax credit	42,135	54,507

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Change in tax rate	0	18,700
	49,349	54,537
Current tax	(39)	(30)
Underprovision in previous years	(7,175)	0
Tax credit	42,135	54,507

7 (LOSS)/PROFIT ATTRIBUTABLE TO THE MEMBERS OF KAKUZI LIMITED

The consolidated loss attributable to the members of Kakuzi Limited includes a loss of Sh12.2 million (31 December 1999 - profit of Sh35.4 million) which has been dealt with in the financial statements of Kakuzi Limited.

8 BASIC (LOSS)/EARNINGS PER STOCK UNIT

Basic (loss)/earnings per stock unit are calculated on the losses attributable to the members of Kakuzi Limited and on the 19,599,999 stock units in issue on 31 December 2000.

The company had no potentially dilutive stock units outstanding at 31 December 2000 or 1999.

9 DIVIDENDS

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the annual general meeting. During the year an interim dividend of Sh0.40 per stock unit, amounting to a total of Sh7,840,000 was paid. In view of the loss made during the year, the directors do not propose the payment of a final dividend. The total dividend for the year is therefore Sh0.40 per stock unit (1999 - Sh2.00 per stock unit) amounting to a total of Sh7,840,000 (1999 - Sh39,199,998).

Payments of dividends is subject to withholding tax at the rate of 5% and 10% for local and overseas shareholders, where applicable.

10 SHARE CAPITAL

	2000 Sh'000	1999 Sh'000
Authorised:		
20,000,000 shares at Sh5 each	100,000	100,000
Issued and converted into stock:		
19,599,999 units of Sh5 each fully paid	98,000	98,000

In accordance with the Articles of Association all fully paid-up shares of the company are converted into stock units at the time of issue.

11 RESERVES

The movement of reserves is fully disclosed in the consolidated statement of changes in equity and company statement of changes in equity set out on pages 12 and 13.

The revaluation reserve relates to the surpluses arising from periodic valuation of certain fixed assets. The revaluation reserve is non-distributable.

12 DEFERRED TAX

Deferred tax is calculated in full on all temporary differences under the liability method using a principal tax rate of 30% (1999 - 30%). The movement on the deferred income tax account is as follows:-

	GROUP		COMPANY	
	2000	1999	2000	1999
	Sh'000	Sh'000	Sh'000	Sh'000
At 1 January	202,342	258,345	193,705	248,133
Tax effect on property revaluations	(293)	(1,466)	(293)	(1,466)
Profit and loss account credit (note 6)	(49,349)	(54,537)	(35,561)	(52,962)
At 31 December	152,700	202,342	157,851	193,705

Deferred income tax assets are recognised for tax loss carry forward only to the extent that it is probable that future taxable income will be sufficient to utilise these losses. At 31 December 2000 the tax losses carried forward amounted to Sh372,686,974 (Company - Sh317,230,491). The tax asset amounted to a deferred tax credit of Sh111,806,092 (Company - Sh95,169,147).

GROUP	At 1 January 2000 Sh'000	Charged/ (credited) to P/L Sh'000	Charged/ (credited) to equity Sh'000	At 31 December 2000 Sh'000
Deferred income tax liabilities:-				
Accelerated tax allowances	207,382	8,632	0	216,014
Property revaluations	13,782	0	(293)	13,489
Expenditure on growing crops	49,593	(209)	0	49,384
	270,757	8,423	(293)	278,887
Deferred income tax assets:-				
Provisions	(8,421)	(3,361)	0	(11,782)
Tax losses	(52,234)	(59,572)	0	(111,806)
Other deductible temporary differences	(7,760)	5,161	0	(2,599)
	(68,415)	(57,772)	0	(126,187)
Net deferred tax liability	202,342	(49,349)	(293)	152,700

COMPANY	At 1 January 2000 Sh'000	Charged/ (credited) to P/L Sh'000	Charged/ (credited) to equity Sh'000	At 31 December 2000 Sh'000
Deferred income tax liabilities:-				
Accelerated tax allowances	196,623	7,880	0	204,503
Property revaluations	13,782	0	(293)	13,489
Expenditure on growing crops	48,116	630	0	48,746
	258,521	8,510	(293)	266,738
Deferred income tax assets:-				
Provisions	(8,263)	(2,855)	0	(11,118)
Tax losses	(48,793)	(46,376)	0	(95,169)
Other deductible temporary differences	(7,760)	5,160	0	(2,600)
	(64,816)	(44,071)	0	(108,887)
Net deferred tax liability	193,705	(35,561)	(293)	157,851

13 FIXED ASSETS - GROUP

	Freehold & leasehold land, buildings, improvements, dams and development Sh'000	Plant, machinery and tools Sh'000	Motor vehicles, tractors, trailers and implements Sh'000	Furniture, fittings and equipment Sh'000	Capital work in progress Sh'000	Total Sh'000
COST OR VALUATION						
At 1 January 2000	2,658,540	123,956	177,710	75,592	4,099	3,039,897
Transfers	4,049	0	0	0	(4,049)	0
Additions	95,343	16,546	9,269	2,635	8,249	132,042
Disposals	(50,869)	(1,922)	(4,191)	(216)	0	(57,198)
At 31 December 2000	2,707,063	138,580	182,788	78,011	8,299	3,114,741
DEPRECIATION						
At January 2000	205,046	48,190	127,178	40,003	0	420,417
Charge for the year	47,915	9,717	18,855	9,179	0	85,666
Relating to disposals	(5,732)	(1,130)	(4,093)	(167)	0	(11,122)
At 31 December 2000	247,229	56,777	141,940	49,015	0	494,961
NET BOOK AMOUNT						
At 31 December 2000	2,459,834	81,803	40,848	28,996	8,299	2,619,780
At 31 December 1999	2,453,494	75,766	50,532	35,589	4,099	2,619,480

At 31 December 2000 fixed assets with a cost or valuation amounting to Sh142,709,618 (31 December 1999 - Sh117,594,000) were fully depreciated. The normal annual depreciation charge would have been Sh24,305,841 (31 December 1999 - Sh19,224,000).

Freehold and leasehold land, dams and development were last revalued by the directors on 1 January 1997; buildings and improvements were last revalued on 1 March 1993. The revaluations were based on an estimate of the open market value for agricultural properties with well developed operations. The book amounts of the properties were adjusted to revaluations and the resultant surplus net of deferred income taxes was credited to revaluation reserve in shareholders' equity. If the freehold and leasehold land, buildings and improvements, dams and development were stated on the historical cost basis, the amounts would be as follows:

	2000 Sh'000	1999 Sh'000
Cost	1,350,755	1,302,232
Accumulated depreciation	210,625	168,442
Net book amount	1,140,130	1,133,790

Bank borrowings are secured on immovable properties to the value of Sh1,130 million. The leasehold properties have unexpired periods in excess of 900 years.

13 FIXED ASSETS - COMPANY

	Freehold & leasehold land, buildings, improvements, dams and development Sh'000	Plant, machinery and tools Sh'000	Motor vehicles, tractors, trailers and implements Sh'000	Furniture, fittings and equipment Sh'000	Capital work in progress Sh'000	Total Sh'000
COST OR VALUATION						
At 1 January 2000	2,463,369	110,261	159,124	72,747	4,099	2,809,600
Transfers	4,049	0	0	0	(4,049)	0
Additions	92,859	16,546	9,269	2,635	8,249	129,558
Disposals	(50,844)	(1,922)	(4,191)	(216)	0	(57,173)
At 31 December 2000	2,509,433	124,885	164,202	75,166	8,299	2,881,985
DEPRECIATION						
At January 2000	186,174	41,673	112,009	38,316	0	378,172
Charge for the year	42,768	8,829	17,537	8,775	0	77,909
Relating to disposals	(5,707)	(1,129)	(4,093)	(167)	0	(11,096)
At 31 December 2000	223,235	49,373	125,453	46,924	0	444,985
NET BOOK AMOUNT						
At 31 December 2000	2,286,198	75,512	38,749	28,242	8,299	2,437,000
At 31 December 1999	2,277,195	68,588	47,115	34,431	4,099	2,431,428

At 31 December 2000 fixed assets with a cost or valuation amounting to Sh121,940,376 (31 December 1999 - Sh101,591,000) were fully depreciated. The normal annual depreciation charge would have been Sh20,655,484 (31 December 1999 - Sh16,838,000).

Freehold and leasehold land, dams and development were last revalued by the directors on 1 January 1997; buildings and improvements were last revalued on 1 March 1993. The revaluations were based on an estimate of the open market value for agricultural properties with well developed operations. The book amounts of the properties were adjusted to revaluations and the resultant surplus net of deferred income taxes was credited to revaluation reserve in shareholders' equity. If the freehold and leasehold land, buildings and improvements, dams and development were stated on the historical cost basis, the amounts would be as follows:

	2000 Sh'000	1999 Sh'000
Cost	1,274,035	1,227,971
Accumulated depreciation	186,631	149,570
Net book amount	1,087,404	1,078,401

Bank borrowings are secured on immovable properties to the value of Sh1,028 million. The leasehold properties have unexpired periods in excess of 900 years.

14 JOINT VENTURE - PINEAPPLE

The company has existing agreements with Del Monte Kenya Limited under which a minimum of 1094 hectares of the company's land was to be developed for growing pineapple. At 31 December 2000 1211 hectares (1999 - 1211 hectares) of company land had been developed to grow pineapple. Pineapples are processed and sold by Del Monte Kenya Limited who act as the operator/manager of the project.

The company's share of the revenue and expenses from the pineapple joint venture included in these financial statements are:

	2000 Sh'000	1999 Sh'000
Revenue	423,338	354,530
Expenses	322,662	293,114
Net income	100,676	61,416

The amounts due from and due to Del Monte Kenya Limited at the year end in respect of transactions arising in the ordinary course of business are:

	2000 Sh'000	1999 Sh'000
Due from Del Monte Kenya Limited	39,414	46,197
Due to Del Monte Kenya Limited	14,248	24,555

At 31 December 2000 the company had capital commitments of Sh2,786,675 (1999 - Nil) in respect of the pineapple joint venture.

15 INVESTMENTS

	31 December 2000		31 December 1999	
	Group Sh'000	Company Sh'000	Group Sh'000	Company Sh'000
Subsidiary companies:-				
Unquoted shares at cost	0	10,798	0	10,798
Trade:				
Kenya Planters' Co-operative Union Limited - loan stock	0	0	189	149
Kenya Co-operative Creameries Limited - deferred shares	4	4	4	4
Kenya Tea Packers Limited - ordinary shares	11	11	11	11
	15	10,813	204	10,962

The subsidiary companies, all of which are incorporated in Kenya, and the company's shareholding in those companies are set out on page 1. Garton Limited is involved in the cultivation and processing of coffee and Estates Services Limited offers agency services relating to the sale of coffee. Siret Tea Company Limited and Kaguru Limited are dormant.

16 GROWING CROPS

	Pineapple project Sh'000	Other horticultural crops Sh'000	Coffee Sh'000	2000 Total Sh'000	1999 Total Sh'000
GROUP					
At 1 January 2000	113,681	15,176	36,452	165,309	150,097
Expenditure during the year	88,384	15,319	297,200	400,903	334,976
Charged to revenue	(78,387)	(22,724)	(300,489)	(401,600)	(319,764)
At 31 December 2000	123,678	7,771	33,163	164,612	165,309
Chargeable to revenue within one year	44,415	6,722	33,163	84,300	89,526
Chargeable to revenue after more than one year	79,263	1,049	0	80,312	75,783
COMPANY					
At 1 January 2000	113,681	15,176	31,530	160,387	146,096
Expenditure during the year	88,384	15,319	228,992	332,695	276,414
Charged to revenue	(78,387)	(22,724)	(229,483)	(330,594)	(262,123)
At 31 December 2000	123,678	7,771	31,039	162,488	160,387
Chargeable to revenue within one year	44,415	6,722	31,039	82,176	84,604
Chargeable to revenue after more than one year	79,263	1,049	0	80,312	75,783

17 DEBTORS

	2000 Group Sh'000	2000 Company Sh'000	1999 Group Sh'000	1999 Company Sh'000
Trade debtors	63,976	63,976	100,213	99,127
Prepayments and deposits	4,020	3,183	3,773	3,231
Due from related companies (note 26)	8,572	14,228	2,869	4,689
Loans to directors (note 26)	290	290	428	428
Other debtors	28,553	27,049	35,053	32,790
Vat recoverable	27,237	25,020	20,312	19,440
Total	132,648	133,746	162,648	159,705
Non current portion	(21,328)	(20,021)	(27,087)	(25,022)
Current portion	111,320	113,725	135,561	134,683

18 STOCKS

	2000 Group Sh'000	2000 Company Sh'000	1999 Group Sh'000	1999 Company Sh'000
Coffee - at net realisable value	133,914	85,991	155,884	93,825
Tea - at cost	54,939	54,939	36,222	36,222
Livestock - at cost	67,278	67,278	55,267	55,267
General Stores - at cost	53,259	46,438	45,971	41,352
Total	309,390	254,646	293,344	226,666

19 CREDITORS

	2000 Group Sh'000	2000 Company Sh'000	1999 Group Sh'000	1999 Company Sh'000
Trade creditors	44,172	38,989	89,438	88,187
Due to related company (note 26)	11,231	27,614	7,039	23,422
Provisions	58,699	56,278	48,062	46,657
Other creditors	38,175	37,819	26,267	26,063
Total	152,277	160,700	170,806	184,329

20 EMPLOYEE BENEFIT OBLIGATIONS

Employee entitlements to gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date. The movements in the year were:

	GROUP 2000 Sh'000	GROUP 1999 Sh'000	COMPANY 2000 Sh'000	COMPANY 1999 Sh'000
At 1 January				
- Long term portion	14,922	10,764	14,922	10,764
- Current portion	2,095	2,095	2,095	2,095
	17,017	12,859	17,017	12,859
Charged to revenue	11,276	3,395	9,591	3,395
	28,293	16,254	26,608	16,254
Less: Current portion	(3,433)	(2,095)	(3,265)	(2,095)
At 31 December	24,860	14,159	23,343	14,159

21 BORROWINGS

	GROUP		COMPANY	
	2000	1999	2000	1999
	Sh'000	Sh'000	Sh'000	Sh'000
Total borrowings	847,902	684,223	772,744	626,745
Less: current portion	(514,793)	(331,452)	(439,635)	(273,974)
Non current portion	333,109	352,771	333,109	352,771

The borrowings are made up as follows:-

Non-current:-				
Long term borrowings	333,109	352,771	333,109	352,771
Current:-				
Long term borrowings	24,976	13,574	24,976	13,574
Short term borrowings	489,817	317,878	414,659	260,400
	514,793	331,452	439,635	273,974
Total borrowings	847,902	684,223	772,744	626,745

	2000	1999	2000	1999
Maturity of non current borrowings	Sh'000	Sh'000	Sh'000	Sh'000
Between 1 and 2 years	24,976	23,269	24,976	23,269
Between 2 and 5 years	58,133	79,502	58,133	79,502
Over 5 years	250,000	250,000	250,000	250,000
	333,109	352,771	333,109	352,771

The bank borrowings are secured by an undertaking at any time if and when required by the banks to execute legal or other mortgages and charges including fixed or floating charges, or assignments in favour of the banks. In the opinion of the directors the carrying amount of the borrowings approximate fair value. Weighted effective interest rates at the year end were:

		2000	1999
(i)	Short term borrowings:-	%	%
	In Kenya Shillings	11.8	18.0
	In US dollars	8.2	7.5
(ii)	Long term borrowings:-		
	In Kenya shillings	18.7	19.8
	In US dollars	7.9	7.5

	At 31 December 2000	At 31 December 1999
	Sh'000	Sh'000
The group has the following undrawn borrowing facilities	96,282	235,199

The facilities expiring within one year are annual facilities subject to review at various dates during the year 2001.

22 CASH GENERATED FROM OPERATIONS

Reconciliation of (loss)/profit before tax to cash generated from operating activities.

	2000 Sh'000	1999 Sh'000
Loss before tax	(85,766)	(16,615)
Loan and overdraft interest (note 4)	106,174	80,746
Dividend receivable (note 4)	(774)	(596)
Interest receivable	(1,480)	(132)
Depreciation (note 13)	85,666	85,973
Profit on disposal of fixed assets (note 5)	(44,399)	(863)
Development expenditure charged to revenue	510	900
	59,931	149,413
Growing crop charges	401,600	319,764
Increase in stocks	(16,046)	(70,838)
Decrease/(increase) in debtors	29,999	(41,314)
Decrease in creditors	(12,969)	(6,548)
Cash generated from operations	462,515	350,477

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the year	2000 Sh'000	1999 Sh'000
Bank balances and cash	57,312	7,327
Bank overdrafts (note 21)	(489,817)	(317,878)
	(432,505)	(310,551)

24 CAPITAL COMMITMENTS

	31 December 2000		31 December 1999	
	Group Sh'000	Company Sh'000	Group Sh'000	Company Sh'000
Authorised by the respective board of directors and contracted for	6,084	6,084	3,126	3,126

25 CONTINGENT LIABILITIES

At 31 December 2000 the group had contingent liabilities in respect of bank guarantees amounting to Sh1,555,000 (Company - Sh1,555,000) arising in the ordinary course of business.

26 RELATED PARTY TRANSACTIONS

A related party for the purpose of these financial statements is any company in which directly or indirectly Linton Park plc incorporated in England has a shareholding. Linton Park plc provides technical and advisory services. Fellow subsidiaries within the Linton Park plc group act as brokers and managing agents for certain products of the company. These services are charged at an arms length basis.

(i) The following transactions were carried out with related parties:-

	Group	
	2000	1999
	Sh'000	Sh'000
(a) Purchase of goods and services:		
Linton Park plc	37,921	24,907
Robertson Bois Dickson Anderson Limited	3,416	6,029
Eastern Produce Kenya Limited	46,075	31,230
	87,412	62,166
(b) Sale of goods:		
Eastern Produce Kenya Limited	24,265	0

(ii) The amounts due from and due to related companies represent outstanding obligations in respect of transactions arising in the ordinary course of business.

	Group	
	2000	1999
Due from related companies:-	Sh'000	Sh'000
Robertson Bois Dickson Anderson Limited	8,571	2,866
Eastern Produce Kenya Limited	1	3
	8,572	2,869
Due to related company:-		
Eastern Produce Kenya Limited	11,231	7,039

(iii) Loans to directors of the company:-

Balance at the beginning of the period	428	658
Loans advance during the period	0	0
Loan repayments received	(138)	(230)
Balance at the end of the period	290	428

The loans to directors were given on terms and conditions similar to those of the vehicle loan scheme for management employees.

(iv) Contingencies:-

The company has guaranteed the bank facilities of Sh81 million to Garton Limited which are annual facilities subject to review during year 2001.

FIVE YEAR RECORD

	2000 Sh'000	1999 Sh'000	1998 Sh'000	1997 Sh'000	1996 Sh'000
Turnover	1,212,796	1,090,782	1,258,425	1,278,010	939,644
(Loss)/profit before tax	(85,766)	(16,615)	146,286	262,766	148,590
Tax	42,135	54,507	(38,536)	(43,895)	(2,467)
(Loss)/profit after tax	(43,631)	37,892	107,750	218,871	146,123
Minority interests	15,358	(1,187)	(7,527)	(16,538)	(4,025)
(Loss)/profit attributable to the members of Kakuzi Limited	(28,273)	36,705	100,223	202,333	142,098
Dividends	(7,840)	(39,200)	(53,900)	(53,900)	(43,120)
Retained (loss)/profit for the year	(36,113)	(2,495)	46,323	148,433	98,978
Capital and reserves:					
Called up share capital	98,000	98,000	98,000	98.000	98,000
Reserves	1,956,325	1,992,145	1,993,174	2,175,938	1,502,059
	2,054,325	2,090,145	2,091,174	2,273,938	1,600,059
Basic (loss)/earnings per stock unit (Sh)	(1.44)	1.87	5.11	10.32	7.25
Dividend per stock unit (Sh)	0.40	2.00	2.75	2.75	2.20
Dividend cover	0.00	0.94	1.86	3.75	3.30
Net asset value per stock unit (Sh)	104.81	106.64	106.69	116.02	81.64

All figures for 1998 except turnover, dividends and called up share capital are restated to reflect the prior year adjustments.

All amounts are stated in Kenya shillings thousands (Sh'000) except where otherwise indicated.

Kakuzi Limited

FORM OF PROXY
(ANNUAL GENERAL MEETING)

I/We ....

of .... being a member/members of Kakuzi

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 the Allamanda Room, Serena Hotel, Nairobi, Kenya on Tuesday 15 May 2001 at 12.00 noon and at any adjournment thereof.

As witness my/our hand(s) this..day of...2001

Signature ....

Unless otherwise indicated, the proxy will vote as he/she thinks fit.

Notes:

(1) In the case of joint holders, only one need sign as the vote of the senior holder who tenders a vote will alone be counted. Seniority will be determined by the order in which the names appear in the Register of Members. The names of all the joint holders should be stated.

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

(3) To be valid, this proxy must be deposited at the Registered Office of the Company not less than 24 hours before the time appointed for holding the meeting.

FOLD 2

STAMP

The Company Secretary,
Kakuzi Limited,
P.O. Box 30572,
Nairobi,
Kenya.

FOLD 1

FOLD 3

INSERT FLAP INSIDE